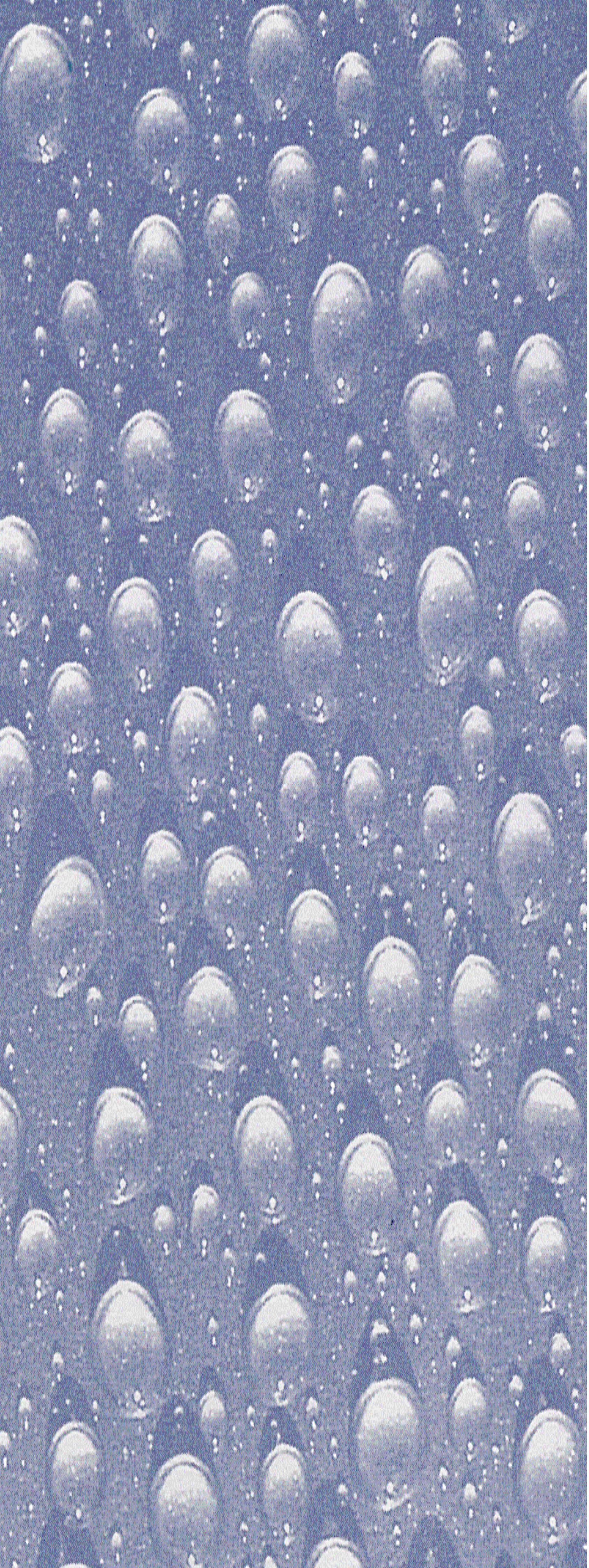


EMPLOYMENT SECTOR

– SOCIAL FINANCE PROGRAM –

Assessing Indebtedness: Results from Pilot Survey among Steelworkers in Sao Paulo

Bonnie Brusky

Reginaldo Sales Magalhães

Working Paper N°46

International Labour Office

Geneva

Social Finance Programme

Working paper No. 46

Assessing Indebtedness: Results from Pilot Survey among Steelworkers in Sao Paulo

Bonnie Brusky

Reginaldo Sales Magalhães

Employment Sector
International Labour Organisation, Geneva

ISBN. 978-92-2-120063-5 (print)
ISBN. 978-92-2-120064-2 (web pdf)

First published 2007

ILO Cataloguing in Publication Data

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Printed by the International Labour Office, Geneva, Switzerland

Table of Contents

List of Tables

List of Boxes

List of Graphs

Foreword

In response to the demand expressed by worker delegates at the Governing Body's Employment and Social Policy Committee in November 2002, financial education by and through trade unions is considered an example where the expertise of Social Finance can enhance the service provision and advocacy functions of worker organizations.

The present paper is the follow-up to a needs and demand analysis for financial education, among worker organizations in São Paulo (Central Única dos Trabalhadores, Confederação Geral dos Trabalhadores, Social Democracia Sindical, Força Sindical, Central Autônoma de Trabalhadores) in October 2004. The survey found that there was a certain lack of knowledge levels of worker indebtedness. Although all interviewees expressed interest in learning more about the possible need for financial education, the CUT-affiliated Steelworkers Union of the ABC region of São Paulo showed strong interest in a study of the level of indebtedness of its members.

This present report summarizes the results of this study on indebtedness, conducted in April-May 2006 by Bonnie Brusky and Reginaldo Sales Magalhães.

It is part of an initiative by the Social Finance Program to determine the involvement of worker organizations in preventing or mitigating overindebtedness of workers. Similar surveys of the situation in France and Germany have already been published in the working paper series of Social Finance Program.

The first section provides a background on indebtedness in the Brazilian context. Section two lays out the conceptual framework that served as a basis for this study. Section three presents the methodology and section four gives the key findings.

The overall conclusions and recommendations for a financial orientation program for the Steelworker's Union are discussed in section five.

Amongst the findings are some surprising observations:

1. Trade unions are actively involved in negotiating with Banks.
2. Strikes may be rendered less effective by a high level of indebtedness of unionized workers.
3. Unionization implies a certain job security still in turn could stimulate consumption and taking on bank loans.

Bernd Balkenhol
Chief
Social Finance Program

Acknowledgements

The authors would like first like to thank the following people for their tireless patience, enthusiasm and support. Without them, the field work for this study would not have been possible: Bernd Balkenhol and Nalina Ganapathi of the ILO Social Finance Unit, Tarcísio Secoli and his team from the Steelworkers Union; Marcelo Cunha and Silva Carui and their team of interviewers from Projectiva Pesquisa; Elza Pastor and her team, who patiently performed the processing. We would also like to thank Vera Rita de Mello Ferreira, Professor of Economic Psychology and Cassia d'Aquina, consultant in financial education for their excellent contributions to this work. Last and certainly not least, we thank all the anonymous interviewees who generously gave their time and opened up their financial lives for the purposes of this study.

I. Background

Since the stabilization of inflation and Plano Real in 1994, consumer credit has become a fundamental element in the lives of most Brazilians. Despite the highest real interest rates in the world[1], a significant portion of Brazilians regularly use credit in its myriad of forms (installment credit, consumer loans, credit cards, overdraft facilities, automatic credit lines, microenterprise credit). Even the poorest segments have access to credit; as long the borrower can show proof of her monthly income—or has a friend or relative who can—the world of debt is at her disposal.

Consumer credit,[2] in particular, has increased dramatically in the last ten years, increasing from R$31.4 billion 1995 to R$214.3 billion in June 2006,[3] representing 10.5% of Brazil's PIB.[4] Microcredit, i.e. loans up to R$600 (unrestricted usage) and R$1500 (for productive purposes) conceded with government-stipulated reserve requirements[5] has also increased significantly from R$93,7 million in January 2004 to R$945,9 million in February 2006[6], as has rural microcredit credit.

Of the various forms of consumer credit, those products using payroll deduction have had the most impact on the financial lives of Brazilians in recent years. Authorized via the Law 10.820 in December 2003, this form of credit allows banks to deduct loan payments directly from workers' and retirees paychecks or pensions. With

---

1 The basic interest rate in Brazil, in November 2006, was 13.75%/year and the average interest rate for credit operations in the banking sector in September 2006 was 36.63%/year. (Central Bank of Brazil).

2 Includes overdraft facilities, credit cards, consumer loans, payroll loans, installment credit/product financing, leasing.

3 "Crédito ao consumidor cresce 340% na década e atinge R$138,4 bi", Folha Online, 20/09/2005; Operações de crédito do sistema financeiro, nota técnica do Febraban, June 25, 2006

4 Overall volume of credit in Brazil in June 2006 was 32.4% of PIB. In Chile, considered a model for credit markets in Latin America, overall credit volumes correspond to 70% of that country's PIB, the consumer credit segment representing 12% of PIB. In the United States, these numbers are 146% and 20%, respectively (Ibid.).

5 Since June 2003, 2% of all sight deposits must be used for small loans at 2% interest rate. Banks have the option of making these microloans themselves or else must deposit the stipulated amount in the Central Bank.

6 Presentation *Microcrédito e Microfinanças no governo Lula* de Gilson Bittencourt, special advisor to the Secretary of Economic Policies of the Ministry of Finance, presented in May 2006 at the Central Bank Seminar on Microfinance. It is important to emphsize that these numbers include many different forms of microcredit that were not used in earlier definitions, as in Nichter, Goldmark, and Fiori (2002)

the lowest interest rates on the market (1.5-4%/month[7]), this modality accounts for 45% of all personal loans made by banks at the end of 2005[8]. It is the second most common form of consumer credit, after vehicle financing, accounting for 18.9% of all consumer credit in June 2006[9]. The majority of borrowers are low-income earners: 46% earn only one minimum salary per month (roughly US$130 in 2005) and another 16% earn up to two minimum salaries[10]. Civil servants have borrowed more heavily than private sector workers, accounting for some 87% of the total volume of payroll credit in June 2006[11].

The number of microcredit contracts used for consumption purposes grew from 166,000 in January 2004 to 788,000 in August 2006.The average amount of these contracts also grew during the same period, from R$2200 to R$3000. The average interest rate for payroll credit dropped from 34.55% in January 2004 to 24.29% in August 2006[12].

The access of low-income population to bank services also increased dramatically during this period. According to data from the Central Bank, the number of "simplified accounts"[13] grew from 1.9 million in January 2004 to 6.7 million in August 2006. With the impressive growth of banking correspondent points, all the municipalities in Brazil now have at least one banking service point.

On the one hand, this evolution is positive in that it represents greater options for low-income populations to manage their finances. Indeed, most payroll borrowers

7 Still considered high by some economists, given the little risk involved in such loans.
8 "Crédito consignada já soma 45% do crédito pessoal", Folha Online, 05/12/2005.
9 Ibid, Febraban.
10 "Crédito consignado em folha de pagamento", internal document, PSDB, taken from the Internet 08/12/2005 at www.psdb.org.br/assessoria_tecnica/documentos/RJDF293-050718-CreditoConsignado.PDF
11 "Empréstimo pessoal é o crédito mais utilizado pelos brasileiros", Diário de São Paulo (cited on website of Febraban, 06/2006)
12 Central Bank of Brazil (http://www.bcb.gov.br/?MICROFIN).
13 Special accounts created to meet the needs of low-income populations. The requirements are "simplified" (ID and address) and the maximum account balance is R$1000. No banking fees are charged.

(46%[14] in one recent study, 60% in another[15]) take advantage of the low interest rate loan to pay off other, more expensive debts—effectively using payroll credit as a form of debt consolidation. At the same time, a greater number of consumers clearing their credit record (*limpar o nome*) than ever before: some 10.5 million Brazilians were able to liquidate an overdue debt in 2005, 10% more than in 2004[16].

On the other hand, ample access to credit also raises some concerns. Easy credit combined with lack of knowledge or understanding of credit transactions, bad management of personal finances, or an unexpected financial pressure (job loss, illness) can easily lead to default and over-indebtedness. This is especially true since the credit boom has not been accompanied by any significant increase in employment and income; debt options continue to grow, but incomes have not.

The Household Budget Study (POF) conducted by IBGE identified an important gap between the monetary and non-monetary revenues and expenses of most families. Looking at data from the state of São Paulo, families with an average monthly income of R$400 spend more than double what they earn. Families earning up to R$3000 have expenses that exceed their earnings by up to 33%. Only households with income over R$3000 manage to spend within their means.

[14] "Pesquisa aponta aumenta de renda de tomador de crédito consignado", Folha Online, 01/09/2005.
[15] "Crédito consignado em folha de pagamento", internal document, PSDB.
[16] "Consumidores que "limpan o nome" são recorde", Folha Online, 9/12/2005. This correlation, however, does not mean the relationship between the payroll boom and clearing credit records is causal. More research is need to establish this correlation.

Table 1. Revenues and Expenses of Low and Medium-Income Households in São Paulo

Income (R$)	Average Total Expenses	Average Total Income	Expenses in % of income
Up to 400	587,33	278,70	211%
> 400 to 600	660,90	496,45	133%
> 600 to 1 000	996,85	776,16	128%
> 1.000 to 1.200	1 200,96	1 088,19	110%
> 1.200 to 1.600	1 442,76	1 367,52	106%
> 1.600 to 2.000	2 036,87	1 770,36	115%
> 2.000 to 3.000	2 472,64	2 419,72	102%
> 3.000 to 4.000	3 167,92	3 440,67	92%
> 4.000 to 6.000	4 332,70	4 779,40	91%
> 6.000	8 718,02	10 158,18	86%

Source: Pesquisa de Orçamento Familiar - São Paulo – 2003

At the same time default rates 2006 for bank loans, checks and credit cards are up 14% compared to last year, according to credit bureau SERASA.[17]

While these two pieces of data are not entirely comparable (the POF looks at households and examines overall income and expenses; the default data refers to specific credit modalities and looks at individuals), they suggest nevertheless that indebtedness is an important financial management strategy yet not easily controlled by worker households. A significant number of people in São Paulo are unable to meet their financial obligations, but to what extent this is a problem? After all, being in debt is not synonymous with over-indebtedness. Credit is a powerful, even necessary survival strategy for low income households to make ends meet and to smoothen consumption.

[17] Insolvência ameaça expansão do crédito", Folha de São Paulo, 06/10/2006.

Defaulting on one debt does not necessarily constitute over-indebtedness. Defaulting may be due to a temporary situation (loss of job, illness, late payment of salary) or that of someone else, in cases where the borrower "lends" her name.[18] What is the difference between simply being in debt and being over-indebted?

II. Conceptual Framework

Over-indebtedness and implications

Unlike "financial insolvency" or "bankruptcy", there is no legal definition of the term "over-indebtedness." The Commission for Consumer Rights of the European Union defines over-indebtedness as a situation in which a person is unable to pay his or her debts with the income s/he disposes of. For the purposes of this study, the term refers to a situation in which total monthly debt installments account for more than 75% of monthly income or total monthly debt installments account for more than 50% of monthly income *and* basic utility bills are more than 30 days late.[19]

The Observatory on Consumer Indebtedness of the University of Coimbra, Portugal, defines two types of over-indebtedness: active and passive. The former refers to a situation in which the individual actively contributes to creating a situation of over-indebtedness, due to lack of control or bad will. The latter involves unforeseen circumstances that drastically affect the individual's capacity to repay. Some studies suggest that passive indebtedness is more common than active. In this case, it would seem prevention has more to do with effective financial and social safety nets than changing behaviors. With active indebtedness, however, we are dealing with a social

[18] The practice of lending one's name for a third person to access credit is exceedingly common in Brazil

[19] The methodology section will address this definition in detail.

process (Reifner, et al, 2002), something that happens over time, resulting in accumulating debts, contracted for economic, social, cultural and other reasons.

Just like debt at a macro-economic level, some household debt can be beneficial, improving standards of living by enabling asset acquisition and smoothing consumption. However, excessive debt leads to the deterioration of a household's economic situation and increased vulnerability. One unforeseen event like illness, divorce or job loss and the household goes from being indebted to over-indebted.

Over-indebtedness is a drastic reduction of financial liberty even leading to a situation of semi-marginality.[20] This is especially true in Brazil, where buying on credit is the most common form of acquiring just about any consumer good. Pauperization is inevitable, especially when interest rates are high, making further asset acquisition impossible. The debtor, unable to use formal financial options, has no choice but to call on high priced informal lenders or friends and family for assistance. If social ties are weak, the risk of complete destitution and marginalization is great.

Worker over-indebtedness and trade unions

The risk of over-indebtedness is considerable for salaried workers. While this segment may be characterized by financial stability, it is also the segment that is most targeted by creditors since their monthly paycheck offers security and suggests an ability to repay. Workers testify to receiving unsolicited credit cards in the mail, phone calls from consumer loan companies and report that a pay stub, especially from a large, established enterprise—regardless of the salary—guarantees installment credit in most stores.

[20] Brusky and Fortuna, 2002.

If credit has always been easy to come by, it has just become more easily available with the recent expansion of payroll loans. Initially conceived as a tool to stimulate consumption, the payroll loan has been a boon to the heavily indebted, as it enables them to pay off their most expensive debts. According to the law, payroll loans do not exceed four years[21] and installments may not exceed 30% of the monthly wage. Since the law was adopted in 2003, all the major trade unions have brokered deals with banks to extend the payroll loan product to unionized workers.

Loan approval is subject to a credit history check, but such verification does not give a faithful picture of a potential debtor's financial situation. First of all, many debts contracted formally are not processed in the information systems of the main credit bureaus. It is possible, for example, to have installment plans (to purchase electro-domestic goods on a deferred payment plan) and not appear as having a credit history, provided the debtor is paying on time. Secondly, there are many informal ways to contract debt, which are off the standard credit check radar. For someone who manages his finances with a minimum of discipline, this ease of access does not necessarily pose a problem. For the uncontrolled spender, however, there is a risk of accumulating debt and going beyond re-payment capacity.

Qualitative research conducted by the authors suggests that this is not an uncommon scenario. In a recent strike at the Volkswagen factory in São Paulo, workers revealed that concerns about accumulating debts was one of the reasons they decided to negotiate and return to work[22]. Also in Volkswagen, there have been cases of workers opting for "voluntary demission (*PDV*)," in order to collect a lump-sum unemployment compensation (equivalent to 40% of income earned per year since working in the

[21] Initially the term was 4 years, then reduced to three, only to return to 4 in the most recent modifications to the law.
[22] Personal communication, 8/12/2005.

factory) to clean up their financial situation[23]. In other words, some people have gone as far as quitting their job in order to reduce immediate financial stress, and this in an economy with an unemployment rate of nearly 10%.

Trade unions are not directly responsible for the personal finances of their members. But because over indebtedness undermines their efforts of wage protection and income security, questions of worker indebtedness have a place on their agenda. Indeed, unions championed payroll loan deals between banks and companies, as a way "to help workers free themselves from their overdraft debt...and not stimulate workers' overindebtedness..."[24] The question is: do payroll-deduction based consumer loans contribute to the very condition they were supposed to avoid? Is there a need to look beyond financial responses to workers' budget problems to broader, education-based alternatives?

Financial education, combined with consumer protection legislation, is considered an important measure for reducing overindebtedness, as demonstrated by the increasing number of policy developments in European Union Member States[25]. Designing an effective education program requires an understanding of the risk factors and behaviors associated with overindebtedness and, conversely, the conditions and behaviors associated with a healthy financial situation. This makes it possible to address the behavior that needs to change, and offer a set of new behaviors to strive for.

Against this background the study seeks to (1) assess levels of overindebtedness in the sample population and (2) determine if there are any socio-economic characteristics or financial use behaviors associated with people who are over-indebted. The sample was drawn from unionized workers from the CUT-affiliated

---

23 *Idem.*

24 www.cut.org.br/documentos/emprestimos.htm taken from internet 10/2004

25 see Reifner, et. al. (2002).*Consumer Overindebtedness and Consumer Law in the European Union*

Steelworkers Union from the ABC region[26], located southeast of the São Paulo metropolitan area.

The CUT Steelworkers Union is one of the most organized and well-known in the country. It is the organization where President Lula first got his start. The Steelworkers have battled for years to achieve their present-day working conditions.

III. Methodology

A quantitative methodology was chosen in order to measure and compare debt levels. A research firm experienced in conducting quantitative debt research was hired to train interviewers and apply the questionnaire at the interviewees' workplace. The Steelworker's Union brokered contacts with companies and mills with unionized employees. The research firm managed these contacts and set up interviews based on company and worker availability.

Questionnaire

A 45-question questionnaire was applied to 300 workers over the month of May 2006. The following key questions guided the elaboration of the questionnaire.

---

26 Refering to the three cities *Santo Andre, São Bernardo,* and *São Caetano.*

Box 1. Research Questions

Socio-Economic Profile: What is the socio-economic profile of people who are over-indebted?

Use of Financial Services: What characterizes the financial behavior of the over-indebted?

Defining Debt: What are the characteristics of the type of debt contracted by the over-indebted?

Financial Education: What is the level of knowledge of basic financial planning?

All but one question was closed, with multiple choices. Tables were used to fill in numeric data such as loan values and terms.

Sample

Due to financial constraints, it was impossible to apply the questionnaire to a totally random sample representative of the 47.000 plus members of the Steelworkers Union. Quotas and weighing techniques were not used for the same reason. The sampling was constrained by the need to secure the authorization of companies to interview workers for the survey; the workers who were given permission to miss 45 minutes of work to be interviewed. Table 2 compares select data from the sample to the Steelworker Union population.

Table 2. Comparison of Sample to Unionized Steelworkers Population

	Union*	Sample
	47313	300
Sex		
Male	91.6%	93.0%
Female	8.4%	7.0%
Age group		
18-29	17.3%	39.7%
30-39	31.2%	28.7%
40-49	30.5%	26.3%
50+	21.0%	5.3%
Size of Firm		
< 150	**	5.3%
> 150 - < 500		29.7%
> 500		65%

* Source: Steelworkers Union DIEESE sub-sector office, 12/2005

** We did not have precise data on this at the time of writing but the secretary-general of the Union estimates that the overwhelming majority of firms are small (<150) and only 10% in the medium/large categories.

The sample studied a younger population than what is representative of the union. It also is skewed in terms of firm size. The union does not have precise data on the breakdown of firms according to size, but estimates that the overwhelming majority of firms are small (<150) and only 10% in the medium/large categories. The sample drew on workers from mainly large and medium firms (nearly 95% of all interviewees). This is due to the reason outlined above. Despite efforts to include workers from small firms, the researchers were unable to secure permission to apply the questionnaire. In firms of 10-20 workers, the absence of even one employee is felt.

From a statistical standpoint, the results of this survey are not representative of the Steelworker's Union. The sample size—not even one percent of the total population—is simply too small to make predications or generalizations. The sample does not reflect the overall universe in terms of firm size or age, either, due to the abovementioned sampling constraints. However, we can talk about trends and tendencies. Much as qualitative methods draw descriptive, if not statistical, conclusions, the results of this survey offer descriptive clues to understanding characteristics of over-indebtedness.

Processing

Data processing was conducted by a firm specialized in quantitative processing and statistics. Data from each questionnaire was analyzed against four main indicators: debt/income ratio, outstanding balance of late payments, terms and outstanding credit balance. These four indicators were combined to make a fifth, the indebtedness indicator. Classification and regression trees were then constructed to establish which variables were statistically associated with situations of over-indebtedness. The objective of this analysis (presented in a format known as the Answer Tree), was to determine "rules" that could be used to identify individuals who are likely to become overindebted.

Debt/Income Ratio

Debt is defined here as the sum of outstanding all credit installments for the month of interview excluding home loan payments. Housing credit was not included since loan amounts are generally much larger and have longer terms than other forms of credit, which would make them look more indebted than the non homeowners. Income refers to household income as reported in the questionnaire[27].

Because revolving debt (like credit cards or overdraft facilities) and credit from informal sources usually do not have a specific term — it's possible to have an overdraft or credit card balance for years — interviewees were asked to estimate what they planned to pay on that debt that month.

Box 2. Forms of Credit Debt Used to Elaborate Debt/Income Ratio

	Source
1. Fixed installment on a loan	Bank, consumer credit agency
2. Fixed installment to be made on a payment plan	Stores
3. Estimated amount debtor plans to pay that month on loan	Informal sources (friends, moneylenders)
4. Estimated amount debtor plans to pay that month on credit card bill (may be the required minimum or more)	Credit cards, all issuers (banks, *financeiras*, stores, supermarkets)
5. Estimated amount debtor plans to pay that month to reduce overdraft	Overdraft

Each interviewee was analyzed according to this ratio, and classified in one of five categories:

1. No debt
2. 0-25% of income compromised by debt
3. 25-50% of income compromised by debt
4. 50-75% of income compromised by debt
5. > 75% of income compromised by debt

[27] Household income was used rather than individual income as the authors' previous research has found that pooling resources is the most common form of financial management.

Outstanding Balance of Late Payments

The debt/income ratio does not take into account late payments on commitments like utility bills, tax payments and rent because they are not sources of credit. Nonetheless, they can turn into debt in the event of non-payment. To account for this form of debt, interviewees were asked to list bill payments that were more than 30 days late (see Box 3).

Box 3. List of Payments

1. Rent
2. Condo fees
3. Electric bill
4. Water bill
5. Telephone bill
6. Mobile bill
7. Gas bill
8. Education fees
9. Health insurance fees
10. Informal store credit
11. Taxes
12. IRPF
13. Property tax
14. Vehicle-related taxes and/or Fines
15. Monthly consortia
16. Others

Indebtedness indicator

The debt/income ratio and outstanding balance of late payments were used to create the indebtedness indicator. Our intention was to classify an individual's debt situation based on monthly debt installments and overall debt balance, using monthly household income as a reference, while taking into account the debt terms (short, medium, long-term).

We established four categories: no debt, slightly indebted, at risk and over-indebted. The results of the debt/income ratio and late payment data determine under which category the interviewee falls. A worker is categorized as slightly indebted, for example, if his debt/income ratio shows no debt, but he is behind on some payments. Another interviewee may be classified as slightly indebted if up to 25% of his income is compromised by debt, regardless of whether or not he is behind on late payments[28]. A third interviewee may be in the same category if she has a debt/income ratio of between 25-50%, but she is not late on any bills. If the same person was also late on bill payments, she would fall under the at-risk category.

[28] The average amount of late payments for the 0-25% debt/income category is R$132; the average for the 25-50% category is R$292, while the average for the 50-75% category is R$775.

Table 3. Indebtedness Indicator

	Conditions	
Category	**Debt/income ratio**	**Late on Any Payments?**
No debt	No debt	No
Slightly indebted	No debt	Yes
	> 0 e <= 25%	Yes or No
	> 25% and < 50%	No
At Risk	> 25% and < 50%	Yes
	> 50% and < 75%	No
Over-indebted	> 50%	Yes
	> 75%	Yes or No**

This indicator is different from most other measures of indebtedness used in the media which generally talk about debt in terms of credit default rates. Aggregated default data is usually reported by credit industry associations. Banks release default statistics via the National Federation, while credit card companies and consumer lenders rely on the National Association of Credit, Finance and Investment Institutions. Most all gather their data from the Central Bank's *central de risco.* Default rates are also reported in terms of SERASA bounced checks. Some business federations like FECOMERCIO in São Paulo conduct regular indebtedness surveys which ask respondents to report what percent of their income is compromised by debt, but there is no analysis of the composition of debt. Moreover, recent research shows that even the main credit bureaus (SERASA, SPC) are unable to unite all the information necessary to effectively evaluate levels of indebtedness (Bittencourt, Magalhães and Abramovay, 2005).

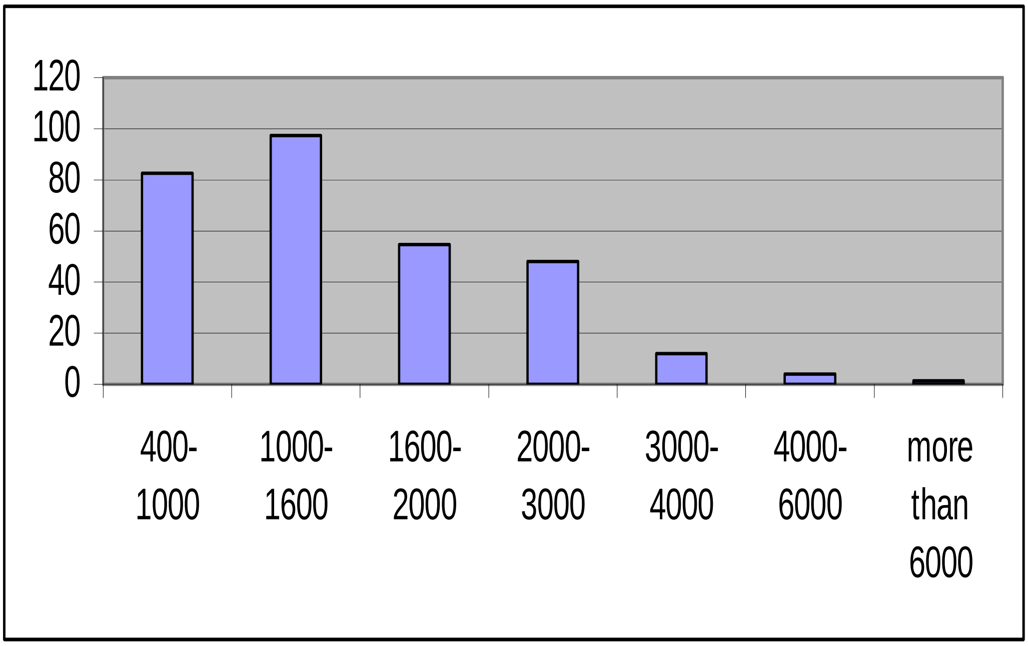
The indicator constructed for this survey looks at all debt sources, formal and informal, and includes late payments.

IV. Findings

Socio-economic characteristics of overall population

The majority of interviewees, some 60%, have an average household monthly income of less than R$1600 (see graph 1). About 28% earn between R$400-1000, which in São Paulo is considered low-income. The 32% earning between R$1000-1600 could be classified as “upper-lower income” workers. The 34% with monthly income of R$1600-3000 could be considered lower middle class. Most interviewees (66,3%) have completed secondary education. Sixty-four percent are married with children and 77,3% own their home. Two-thirds of respondents live in a household with between three and five family members, while nearly half of all respondents have only one wage-earner. One-third of all respondents have two wage-earners in the home. Practically none of these socio-economic characteristics proved statistically correlated to situations of over-indebtedness, with the exception of home-ownership, discussed below. This seems surprising, given the POF results which show that on average families earning up to R$3000 spend more than they earn. Indeed, the lack of correlation could be a consequence of the sampling method which, as noted above, did not use quotas or weighing techniques. However, it could also suggest that overindebtedness among wage earners (the POF sample includes microentrepreneurs, unemployed, students, as well as salaried workers) has more to do with choices and behaviors found among rich and poor alike, rather than paycheck size.

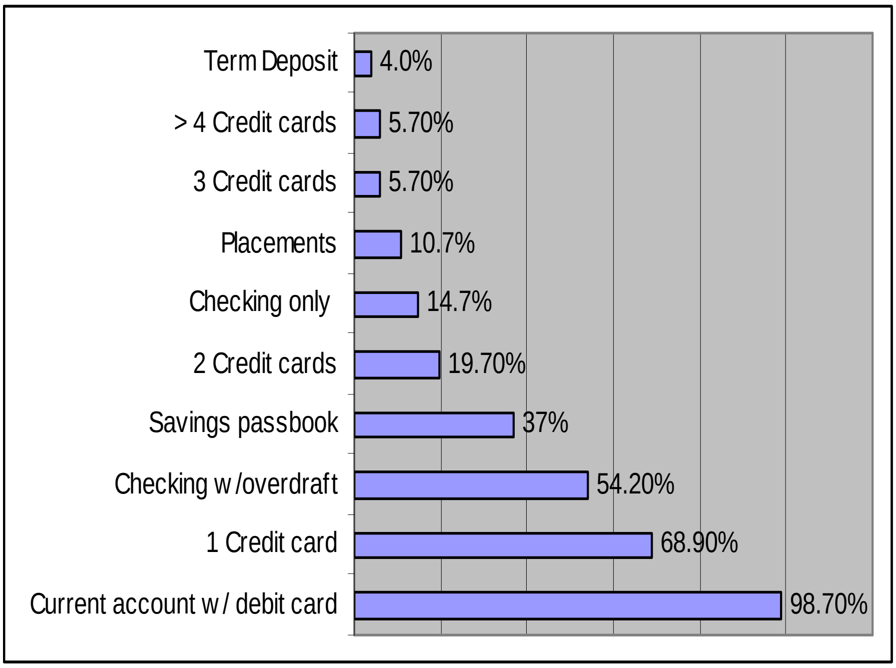
Graph 1. Average Household Monthly Income in Reais



Use of financial services

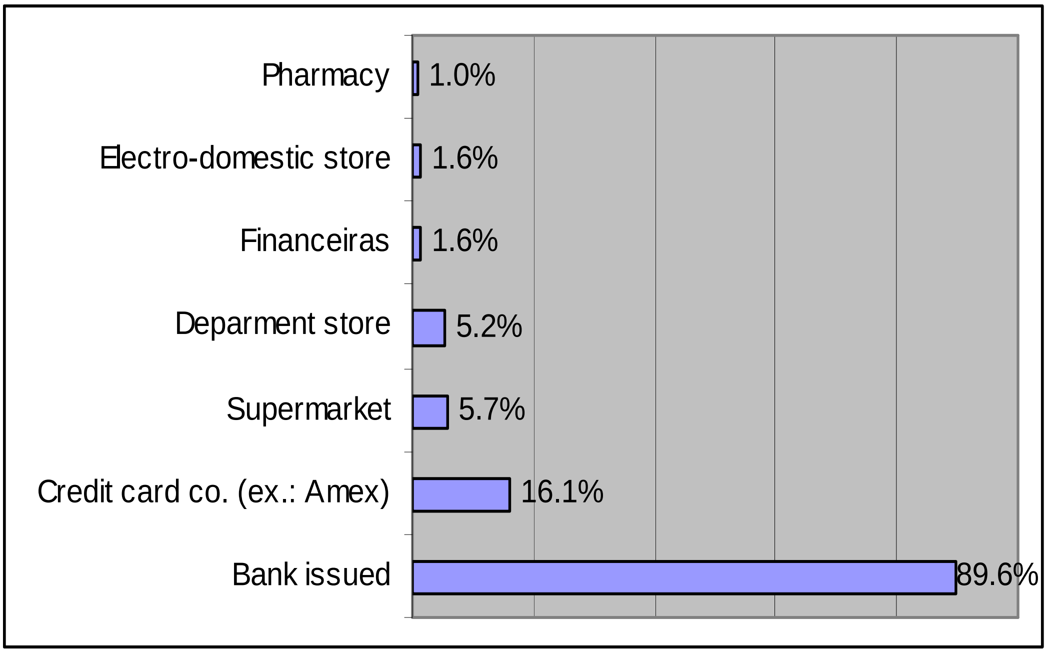
All but one respondent have a bank account and slightly more than one-third have a saving passbook, as well. A small percentage (14.7%) of respondents use other savings products like term deposits and savings certificates. Roughly two-thirds of respondents use checks. Slightly more than half of these have overdraft privileges. Of those who do not use checks, about 75% did not want checking services or were not offered them. Some twenty percent had their checking services cancelled or were not permitted to have a checkbook (graph 2).

Graph 2. Use of Financial Services

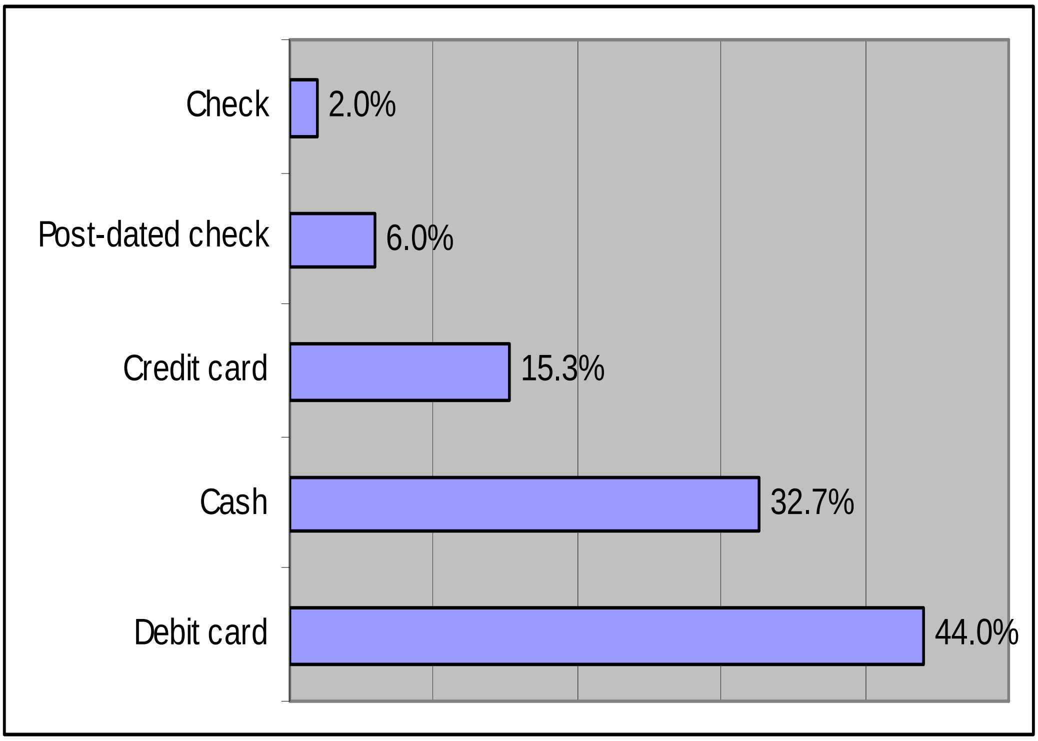


Nearly two-thirds of interviewees have at least one credit card, the majority of which are bank-issued (graph 3). Debit cards and cash are nonetheless the most commonly used forms of payment (graph 4).

Graph 3. Type of Credit Cards



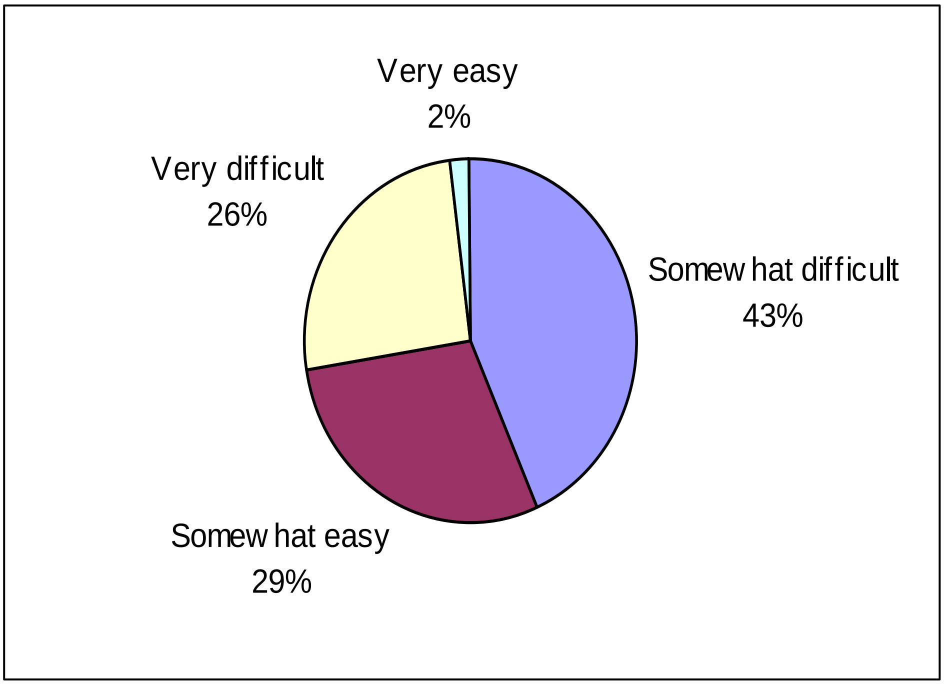
Graph 4. Most common form of payment



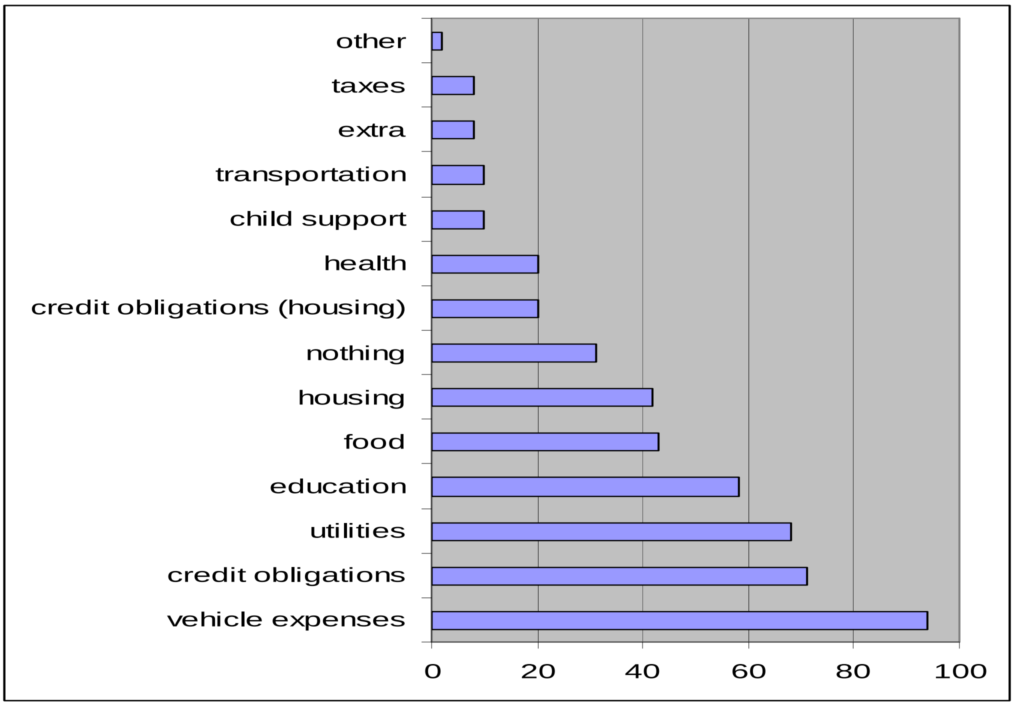
Perceptions

Most interviewees find it somewhat or very difficult to make ends meet (graph 5). When asked to list the regular monthly expenditures (i.e. not unforeseen events) that most disrupt their monthly budget, vehicle expenses topped the list, with credit obligations and utility bills coming in second and third (graph 6).

Graph 5. Making ends meet is…



Graph 6. Expenditures



Vehicle expenses: car or motorcycle financing; car insurance; vehicle maintenance; gas.

Credit Obligations: bank loan; credit card; payroll loan; installment of deferred payment plan in store; repayments to friends/family; life insurance.

Health: medicine; clinical visits, health insurance.

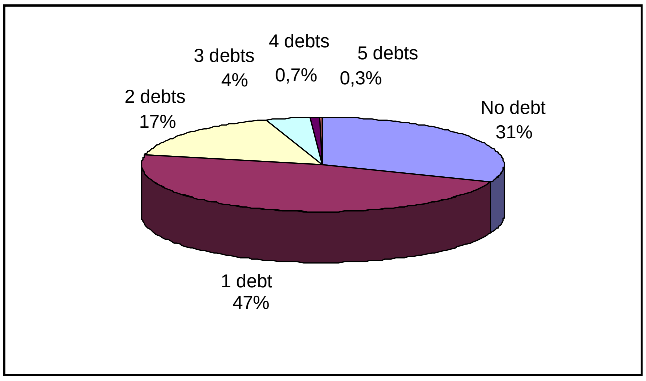
Housing: rent; house construction; condo fees.

Utilities: phone, electricity, water bills.

Characterizing Debts

Roughly two-thirds of the total sample — 207 respondents — use some form of credit or lives with someone with some form of credit. The majority — 47% — have only on outstanding credit, while a little more than 20% have two or more forms of credit debt.

Graph 7. Number of debts



Respondents with up to two debts fall into the no or low risk overindebtedness category, while most of those with three debts or more are in the at-risk or over-indebted categories.

The most commonly used forms are payroll credit (110 mentions), bank loans (68), loans from financeiras (44), home loans (28), credit cards (22). Interestingly, the primary use[29] of payroll, bank and financeira loans are all similar. Consistent with the finding that vehicle-related expenditures and credit obligations weigh most heavily on the monthly household budget, we see that credit is most often used to liquidate debts and buy or repair a vehicle.

[29] We refer to primary use, since it is rare that a loan will be used for one distinct purpose.

Table 4. Most commonly used debt forms and usage

Usage – number of mentions					
Payroll loan	**mentions**	**Bank loan**	**Mentions**	**Financeira loan**	**mentions**
1. liquidate debt	44	1. buy vehicle	21	1. buy vehicle	29
2. home renovation	18	2. liquidate debt	20	2. fix vehicle	8
3. buy vehicle	13	3. fix vehicle	7	3. liquidate debt	7
4. diverse	11	4. home renovation	5		
5. fix vehicle	7	5. diverse	5		

Home loans are primarily used to purchase homes, rather than renovate. Credit cards are mainly used for diverse purchase (clothing, shoes, household goods).

The questionnaire attempted to track which debts were being liquidated. The fungiblility of money makes this difficult to identify, since a loan may be used for several purposes. The overdraft balance (*cheque especial*) was the most commonly mentioned type of debt that interviewees took a loan to liquidate (26 mentions). Credit card debt was the second most common, with 20 mentions. Sixteen respondents declared using a loan to pay off overdue bills. Loans from banks, financeiras and family/friends all tallied 9 mentions. So while no interviewee reported having informal loans (friends, family, moneylenders), they do attest to having taken a loan from a formal source to pay off informal loans.

Table 5. Which debts are liquidated?

Used loan to pay off…	
Overdraft	26
Credit card debt	20
Other Bills	16
Bank loan	9
Financeira loan	9
Loan from friends/family	9

The majority of respondents reported being up-to-date with installments. Only 31 cases (21%) reported being late (mainly due to uncontrolled spending or insufficient/drop in income) and of these, 20 have been blacklisted with *nome sujo* due this late repayment situation.

Seventeen percent of the sample reported being late on some bill. The telephone bill received the most mentions (19), followed by electricity bill (13) and vehicle-related taxes/fines (12). Again this finding is consistent with interviewee's perceptions that vehicle-related expenditures and utility bills are among the three items (along with credit obligations) that weigh most heavily on the monthly budget.

Of the 17% respondents who are behind on payments, 10.7% are in the slightly-indebted category, 5.7% are at risk of over-indebtedness and 1% are over-indebted. This makes sense if we look at the average value of late payments, which is relatively low: R$506 for the entire sample. Most late telephone bills are less than R$500, while most late electricity bills are less than R$100. Vehicle-related late payments average about R$600. Only 15% of those behind on payments report having tried to negotiate late payments. The majority have not tried because they do feel they would not be able to pay anyway.

Financial planning

When asked who manages finances in the household, 44.7% replied the man does. Only 19.3% of respondents reported the woman was in charge of finances, while 36% attested to managing money as a couple.

Table 6. Household financial management

Man	134	44.7%
Woman	58	19.3%
Together	108	36.0%

Seventy three percent of respondents report doing some sort of financial planning. Sixty percent of these plan do it every month. Only one-quarter of interviewees do not do budget planning, either because they are not accustomed to (16%) or they don’t manage to stick to it when they do (10%).

Table 7. Financial planning

Yes, every month	182	60.7%
Yes, sometimes	35	11.7%
Yes, when I have debts	4	1.3%
No, I am not accustomed to planning	48	16.0%
No, because when I have planned in the past, I was unable to follow my planning	31	10.3%

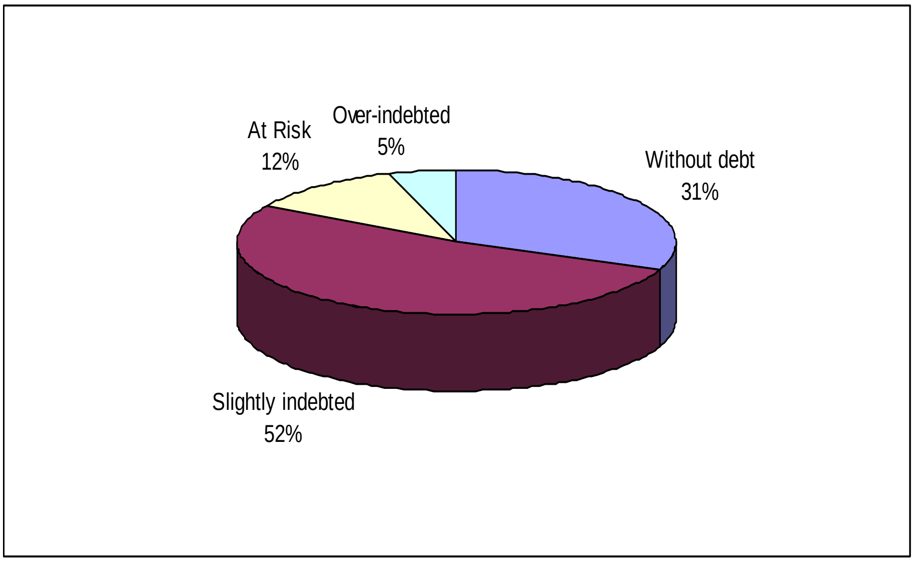
Who is over-indebted?

Indebtedness indicator

The indebtedness indicator was constructed by taking into account the debt/income ratio - and whether or not the individual had late payments (see Methodology section for conditions).

- Five percent of the interviewees are overindebted, defined as having more than 75% of their income compromised by debt.
- Nearly twelve (11.7%) are at risk of being overindebted, *i.e.* 50% of their budget is compromised by debt and they are behind on bills or up to 75% of their budget is compromised by debt, and they are not behind on bills
- Fifty-two percent are slightly indebted, *i.e.* have some debt but less then fifty percent of their budget is compromised by debt and/or bill payments. It is considered that the individual in this category is able to pay his debts.
- One-third (31%) of the sample claims to have no debts at all. (graph 8)

Graph 8. Indebtedness indicator



It should be noted that the definition of indebtedness used in this study is particularly rigorous. Most banks consider debt should not surpass 30% of individual income. Having more than 75% of household income compromise by debt reflects a situation of extreme financial stress with no perspectives of resolution. The at-risk category also represents a dramatic situation, although the at-risk interviewee has a bit more room to maneuver. Even the slightly indebted category, which uses a 50% cut-off rather than 30%, reflects a situation that is currently controlled, but is vulnerable to shocks.

The overwhelming majority of being at-risk of over-indebtedness point to uncontrolled spending, insufficient income or a drop in income as the main causes. No interviewee mentioned job loss or having experienced an unexpected shock that suddenly put them in a dramatic situation. Rather, it seems that financial pressure builds gradually.

While about 17% of respondents could use financial orientation urgently, overall these finding indicate that the indebtedness scenario is relatively positive, and quite different from the POF. This is probably due to the fact that the workers interviewed have stable jobs, “protected,” in a sense, by the Union’s strength. This stability permits them to financially plan with more assurance than families who rely on itinerant jobs or entrepreneurial activities.

Bad Credit Record

The findings show that having a bad credit record is not *necessarily* associated with being at-risk or over-indebted. While some 15% (44) of all respondents currently have a bad credit record (*nome sujo*), the majority (61%) fall under the slightly indebted category and 15% (6) of these fall under the no-debt category! Further investigation into these cases found that at least 3 of these cases resulted from “lending their name”, either by making a purchase for a third party in their name or lending a check; in these cases, the interviewee esteems that “name-borrower” is the true defaulter, and thus claims to have no debts outstanding.[30]

Bad credit record currently?		
Yes	44	14.7%
No	256	85.3%

Of the other thirty-eight other respondents currently with *nome sujo*, 20 are due to credit debt (7 from bank or financeira loans; 9 from credit cards; 2 from store or supermarket cards; 2 from going over the limit of their overdraft facility). While the

[30] This information was not registered in the questionnaire but verified with the interviewees by telephone after the survey was completed. Because not all interviewees were not reached by telephone, it is impossible to determine whether there are more cases like this.

survey does not permit confirmation, it is likely that the remaining 18 cases are due to overdue bill payments.

Thirty-one percent of interviewees report have had a bad credit record in the past. Of these 92 respondents, the majority have only been in this situation once (72,8%). Eighteen percent have been blacklisted twice before. More than half of these respondents (57) currently find themselves in a situation of low-level indebtedness (characterized as “slightly indebted” by the indebtedness indicator, described below). This finding corresponds with the finding that roughly 72% of those who have been blacklisted in the past report that this situation changed their way of managing money. It takes, on average, 6 months to clean one’s name.

In the past?	
92	30.7%
208	69.3%

How is it that a bad credit record does not necessarily spell over-indebtedness? One interpretation is that, once blacklisted, an individual has less access to formal credit sources and thus less income is compromised by debt payments. Another hinges on the common practice of name-lending; while this survey only identifies three definite cases, other research suggests this is fairly common[31]. Being blacklisted tends to make one more careful: this survey revealed that almost two-thirds of those who had been blacklisted in the past say this experience changed their way of managing money. Finally, it is probable that some people choose not to pay a debt—either because they

[31] Brusky and Fortuna (2002) *Understanding the Demand for Microfinance,* BNDES-PDI, Rio de Janeiro

intend to contest the payment (*i.e.* a mobile phone bill that is deemed incorrect) or they consider it simply unfair (*i.e.* credit card debt that snowballs due to high interest rates)[32]. This is considered "active indebtedness", since the individual puts him or herself in the situation willingly. Passive indebtedness refers to a situation in which the individual has no control, due to unforeseen circumstances[33].

In any event, this finding is noteworthy for financial lenders, since it suggests that having bad credit does not necessarily equate bad risk. It does not suggest that being blacklisted in credit bureaus like *SPC* or *SERASA* should be disregarded when assessing credit risk, but that an explanation is worthwhile.

Characterizing the extremes – answer tree results

In order to determine whether there exists a statistically-relevant profile of (i) the individuals categorized as having no debt and (ii) those with excessive debt, a classification and regression analysis was conducted. Because the number of instances of over-indebted was small, the at-risk and over-indebted categories were lumped together for the regression analysis.

The only variables that were statistically correlated with excessive debt were

(1) the regular use of credit;

(2) the constant use of overdraft.

(3) home ownership

The population as a whole, we find 31% with no debt, 52,3% slightly indebted and 16,7% at risk or overindebted. However, in looking at the distribution of answers to the question "are you in the habit of taking loans?", we find only 6% of the without debt

---

32 Both of these examples were revealed to the authors in previous qualitative research on the financial lives of low-income people.

33 Observatório do Endividamento dos Consumidores (2002), *Endividamento e Sobre-endividamento das famílias: conceitos e estatísticas para sua avaliação*, University of Coimbra, Portugal.

category responded “all the time”, “frequently”, or “sometimes”, while this figure is 63% for the slightly indebted and 30% for the at-risk and overindebted. That is, at-risk and overindebted respondents are *twice as likely* to take loans as their less-indebted counterparts.

With regards to use of overdraft facility, the correlation is even stronger. While 0% of those without debt and 48% of the slightly-indebted always use overdraft, 52% of the at-risk and overindebted respondents affirm they are constantly using their overdraft limit. These categories are *nearly three times as likely* to use overdraft as their less-indebted counterparts.

At the same time, occasional use of overdraft is not necessarily associated with indebtedness. Some 71% of the slightly indebted report using overdraft “sometimes”. The risk, it would appear, lies in frequency of usage.

With regard to home ownership, we find a significant correlation between being a homeowner and indebtedness, albeit slight. This rather counter-intuitive finding can be explained by the relative level of economic comfort many homeowners feel they have, as they do not have to pay rent. Because home loan installments are generally equivalent to rent, it does not seem plausible that home owner have more financial stress due to loan repayments than their renter counterparts. Rather, perhaps once the homeowner has reached his objective of ownership, s/he feel free to spend money.

In the population as a whole	31% no debt 52.3% slightly indebted 16.7% at risk and overindebted
Frequent use of loans	6% no debt 63.2% slightly indebted 30.7% at risk and overindebted
Use of overdraft	0% no debt 48.1% slightly indebted 51.9% at risk and overindebted
Home owners:	34.3% no debt 51.4% slightly indebted 14.3% at risk and overindebted

V. Discussion of findings and Recommendations

This study sought to (1) assess levels of overindebtedness in the sample population and (2) determine if there are any characteristics associated with people who are over-indebted. This section will address these two research questions and discuss some of the other findings that have important implications for a financial orientation program.

1. Indebtedness is an immediate problem for 15% of the sample (classified as at-risk of overindebtedness or over-indebted). Fifty-two of the sample appear to be in a situation of controlled indebtedness. However, given that 43% of respondents find it somewhat difficult to make ends meet at the end of the month and that 26% find it very difficult, it seems safe to conclude that a relatively large portion of interviewees are potential candidates for financial orientation efforts. Moreover, the target public for education increases even more if we consider the 10% of respondents that fell under the not at all or slightly indebted categories, but are blacklisted due to a bad credit record.

This finding implies that while a small portion of steelworkers could benefit from debt consolidation and an overhaul of their financial management practices, a much larger group could benefit from preventive orientation.

2. There is no correlation between socio-economic profiles and level of indebtedness. This finding should be viewed cautiously, as a limited budget restricted sample size and sampling methods. Furthermore, the workers interviewed came disproportionately from large firms which may have implications in terms of personnel management, training benefits, and in-house social programs—all which may give workers comparative advantage over their small firm counterparts. Nonetheless, it suggests that a financial orientation initiative could have a broad target group, and need not be dependent on participants' socio-economic profile.

While a larger survey would need to be conducted to determine whether or not there socio-economic characteristics can be associated with indebtedness, it is possible that this finding reflects reality. Given the complexity of spending behaviors, perhaps indebtedness is more easily associated with a psychological profile.

3. Certain forms of financial use are correlated with high levels of indebtedness. At-risk and over-indebted categories are much more likely to frequently use loans and overdraft facilities than no-debt and slightly indebted groups. This implies that a financial orientation initiative could serve to determine who are likely to be at more risk of indebtedness. It also indicates that orientation efforts should specifically address non-loan and non-overdraft alternatives to resolving financial stress.

4. Payroll credit is used to liquidate more expensive debts. One of the questions underlying this research was, does increasingly popular payroll credit—designed to offer a low-cost alternative to debt consolidation--contribute to the very condition it is supposed to avoid? Although we can affirm that payroll credit is the most commonly used form among the interviewees and it is most frequently used to liquidate other debts, the data is not sufficient to tell us whether or not payroll credit is *improving* or *worsening* the user's debt situation. Most users in the survey are only one year into a three year loan term. While they may have managed to reduce their financial stress by paying off expensive debts, living with a salary reduced by 30% will, in the long run (*i.e.* at the end of the term) may change the situation. Ideally, a longitudinal impact study should be conducted to truly assess the effectiveness of payroll loans.[34]

The findings on payroll credit imply that payroll users are in potentially precarious situations. They are currently living on 70% of their salary. Although debt-servicing prior to taking the payroll loan may have been greater than 30% of monthly income, the borrower probably had the option to not pay part of the debt (even if it did mean accumulating more interest). With the payroll loan, the money is skimmed off at the source, and the worker cannot negotiate a rescheduling of the debt repayment. While initially this might feel manageable, living with 30% less wages over a three year period may be too hard to swallow, leading to desire to contract more debt.

The assumption that payroll credit users would benefit from financial orientation is probable. After all, they had enough debt to start with to drive them to borrow more money to pay it off.

[34] It would be important to investigate the impact of payroll credit on psychological stress as well as financial stress. Considering that the liquidation of debts with "family and friends", which we can safely assume to mean moneylenders (as it is unlikely that one would go into further debt to pay off a friend), it is possible that the ability to get rid of such a debt probably has a psychological impact.

5. Vehicles are a source of financial stress. One of the most common uses of loans is to pay off vehicle-related costs. One of the most commonly cited sources of budget imbalance is also vehicle related expenses. This interesting finding must be couched in the study's context. The survey population are steelworkers, many of whom work in automobile manufacturing. They are, for the most part, "upper lower class" or "lower middle class", *i.e.* they can *practically* afford a car. These two factors might lead to a greater proportion of car ownership (although not measured by the survey), than the "average" non-steelworker, or than the solidly lower income earners who cannot even consider buying a car. There is probably a greater likelihood, then, for the average worker interviewed for this survey to stretch his budget to take a car loan, and without considering the costs that come with ownership (tickets, taxes, gas, repairs, etc.).

A financial orientation initiative could focus on the pros and cons of purchasing and owning vehicles, thus helping workers make a decision based on a realistic calculation.

6. A bad credit record does not imply indebtedness. Respondents with *nome sujo* are not necessarily over-indebted. Discussed in some detail above, this finding has importance implications for lenders since it suggests that having bad credit does not necessarily equate bad risk. It does not suggest that being blacklisted in credit bureaus like *SPC* or *SERASA* should be disregarded when assessing credit risk, but that an explanation is worthwhile.

To address what is an immediate problem for at least 17% of the union's workers and a looming threat for at least another 50%, it is recommended to develop a group-based financial education program, using the human resources from the Union's training center.

Characteristics

The main characteristics of this program would be:

- **Group-based**. The intention is to promote an almost support-group type atmosphere (rather than classroom atmosphere), in which participants gain awareness that difficulties with money management and debt are commonplace (to remove any stigma that may be associated with indebtedness), while at the same time showing that it is possible to make changes. The group meetings will focus on macro-level issues, so as not to pressure participants into revealing too much personal information, while at-home activities will encourage participant to relate knowledge to their own situation.
- **Historically-grounded**. A generation of Brazilians were marked by the scar of inflation, which many experts suggest has implications on their money management skills. In addition, Brazil changed currencies eight times in 25 years of which five occurred in an eight year period, prior to the Plano Real in 1994. This has also impacted the population's relationship to money. Using a historical approach is important to pass the message that debt problems are not necessarily the result of a deep personal flaw; social constructed circumstances have helped shaped many people's financial management strategies.
- **Family-oriented.** Financial education experts attest that is common for heads of household to refuse to engage in discussions that call into question their financial management, even in the face of outright

indebtedness. The recommendation is to work though the family, especially children, if any. Participants will be given activities to do at home, with the objective of empowering the person leading the activity, while at the same time engaging him or her in material that is also relevant for his/her own financial behaviors. The objective is to avoid a confrontational or moralistic approach so that the learner does not feel belittled or attacked.

- **Objective-oriented**. Successful financial management hinges on establishing and meeting objectives. This will be a fundamental theme throughout the program.

Trainers

Financial education experts will be contracted to develop the program and support materials. Rather than design a Training of Trainers companion program, however, it is recommended to identify adult educators interested in the topic to be the first participants (in a first round facilitated by the financial education experts). The educators will effectively be trained through on personal experience. This first group will be invited to provide extensive feedback to the program developers, in order to refine the program before launching it among the workers. The first program rounds taught by the adult educators will be closely monitored by the financial education experts, in order to ensure quality control.

The Union currently has a well-organized training center where adult educators offer technical courses and political training on union issues. This center could not only serve as the infrastructure for the program, but also provide a pool of experienced adult educators.

References and Sources

Bittencourt, G. Magalhães, R. and Abramovay, R. (2005) *Informação de crédito: um um meio para ampliar o acesso dos mais pobres ao sistema financeiro.* Revista Pesquisa e Debate, v. 16, p. 203-248.

Bittencourt, G. *Microcrédito e Microfinanças no governo Lula.* (2006). Presentation b special advisor to the Secretary of Economic Policies to the Ministry of Finance, May 2006 at the Central Bank Seminar on Microfinance, Recife.

Brusky and Fortuna (2002) *Understanding the Demand for Microfinance*, BNDES-PDI, Rio de Janeiro

Federação Brasileiro de Bancos (Febraban). (June 2005). "Operações de crédito do sistema financeiro." Tehcnical note, taken from www.febraban.org.br 08/10/2006.

Nichter, Goldmark, and Fiori (2002). *Understanding Microfinance in the Brazilian context,*. BNDES-PDI, Rio de Janeiro.

Observatório do Endividamento dos Consumidores (2002), *Endividamento e Sobre-endividamento das famílias: conceitos e estatísticas para sua avaliação,* University of Coimbra, Portugal.

Reifner, et. al. (2002).*Consumer Overindebtedness and Consumer Law in the European Union*

Central Bank of Brazil (http://www.bcb.gov.br).

"Crédito consignada já soma 45% do crédito pessoal", Folha Online, 05/12/2005.

"Crédito consignado em folha de pagamento", internal document, PSDB, taken from the Internet 08/12/2005 at www.psdb.org.br/assessoria_tecnica/documentos/RJDF293-050718-CreditoConsignado.PDF

"Empréstimo pessoal é o crédito mais utilizado pelos brasileiros", Diário de São Paulo (cited on website of Febraban, 06/2006)

"Pesquisa aponta aumenta de renda de tomador de crédito consignado", Folha Online, 01/09/2005.

"Consumidores que "limpan o nome" são recorde", Folha Online, 9/12/2005.

"Crédito ao consumidor cresce 340% na década eatinge R$138,4 bi", Folha Online, 20/09/2005

Employment Sector, Social Finance Programme

Publications

Working papers

N°1	1994	D. Gentil & al.	Banquiers ambulants et opération 71 au Togo et au Bénin
N°2	1994	B. Balkenhol & E.H. Gueye	Tontines and the banking system – Is there a case for building linkages?
N° 3	1995	D. A. Soedjede	Mécanismes de collecte de l'épargne et de financement de l'entrepreneuriat informel et formel par les banquiers ambulants au Togo
N° 4	1994	M.A. Adechoubou & S.N. Tomety	Les banquiers ambulants au Bénin
N° 5	1994	B. Hane & M.L. Gaye	Les pratiques du marché parallèle du crédit au Sénégal C Leçons pour le système bancaire
N°6	1994	I. Ba	PME et institutions financières islamiques
N°7	1994	B. Balkenhol & Ch. Lecointre	Pratiques bancaires dans les opérations de crédit avec les petites et moyennes entreprises en Afrique de l'Ouest
N° 8	1994	I.F. Camara	Structures mutualistes d'épargne et de crédit dans l'Union Monétaire Ouest-Africaine (UMOA)
N°9	1995	B. Wesselink	Monitoring guidelines for semi-formal financial institutions active in small enterprise finance
N°10	1995	J. Poyo	Expansion of rural financial services: The development of a community-based rural credit union network in the Dominican Republic (1984-1993)
N°11	1995	J.P. Krahnen & R.H. Schmidt	On the theory of credit cooperatives: Equity and onlending in a multi-tier system A concept paper
N°12	1995	D.W. Adams	Using credit unions as conduits for micro-enterprise lending: Latin-American insights
N°13	1995	M. Lamberte	Credit unions as channels of micro-credit lines: The Philippine case

N°14	1995	K.J. Morris	The effects of using credit unions as onlending agents for external lines of credit: The experience of the International Credit Union Movement
N°15	1996	R. T. Chua & G. M. Llanto	Assessing the efficiency and outreach of micro-finance schemes
N°16	1996	T. Sparreboom & P. Sparreboom-Burger	Migrant worker remittances in Lesotho: A review of the Deferred Pay Scheme
N°17	1996	P. Sparreboom-Burger	The performance of the Lesotho credit union movement: internal financing and external capital inflow
N°18	1997	M. Bastiaenen & P. van Rooij	Guarantee funds and NGOs: Promise and pitfalls: A review of the key issues
N°19	1998	P. Mosley	The use of control groups in impact assessments for microfinance
N°20	1998		International Labour Standards and Micro-finance: A Review
N°21	1999	S. Puri & T. Ritzema	Migrant Worker Remittances, Micro-finance and the Informal Economy: Prospects and Issues
N°22	2000	J. Roth	Informal Micro-finance Schemes: the case of funeral Insurance in South Africa
N°23	2000	L. Mayoux	Micro-finance and the empowerment of women -A review of key issues
N°24	2000		Institutional Assessment for NGOs and self-help Organisations Managing Guarantee schemes
N°25	2000	A. McDonagh	Microfinance Strategies for HIV/AIDS Mitigation And Prevention In Sub-saharan Africa
N°26	2001	B. Balkenhol & H. Schütte	Collateral, collateral law and collateral substitutes
N°27	2002	D. M. Gross	Financial Intermediation: A contributing factor to Economic growth and employment
N°28	2002	L. Deelen & K.O. Bonsu	Equipment finance for small contractors in public work programmes
N°29	2002	M. Aliber A. Ido	Microinsurance in Burkina Faso
N°30	2002	E.S. Soriano E.A Barbin & C. Lomboy	A field study of microinsurance in the Philippines

N°31	2002	L. Manje & C. Churchill	The Demand for Risk-managing Financial services in low income Communities: Evidence from Zambia
N°32	2002	I. Guerin	Microfinance et Autonomie féminine
N°33	2003	M. Aliber	South African Microinsurance Case-Study
N°34	2003	Ebony Consulting Int.	Private Equity and Capitalisation of SMEs in South Africa: Quo Vadis?
N°35	2003	Bankers' Institute of Rural Development	Property Rights and Collateral- How Gender makes a Difference
N°36	2003	F.L. Galassi D.M. Gross	How trustable are West African Mutual Savings and Loan Institutions? An application of PASMEC Databank
N°37	2003	M.S. de Gobbi	The Role of a Professional Association in Mutual Microfinance: The Case of Madagascar.
N°38	2003	T. Siddiqui C.R. Abrar	Migrant Worker Remittances & Micro-finance in Bangladesh.
N°39	2003	S. Thieme	Savings and Credit Associations and Remittances: The Case of Far West Nepalese Labour Migrants in Delhi, India.
N°40	2003	C. Sander I. Barro	Etude sur le transfert d'argent des émigres au Sénégal et les services de transfert en micro finance.
N°41	2006	C. Kreuz	Microlending in Germany
N°42	2006	D. Cassimon J. Vaessen	Linking Debt Relief to Microfinance - An Issues Paper
N°43	2006	G. Gloukoviezoff	Surendettement des particuliers en France: Quels rôles pour les syndicats?
N°44	2006	Oliver J. Haas	Overindebtedness in Germany
N°45	2007	Alberto Didoni	The impact of liberalisation policies on access to microfinance – the case of Peru

IFLIP Research Papers

00-1	Dec. 2000	D.M. Gross	Research Management Guidelines
02-1	Sept.2002	J. Creedy	Starting Research and Writing a Research Paper
01-2	Oct. 2001	K.B. Korsah E.K. Nyarko N.A. Tagoe	Impact of Financial Sector Liberalisation on Competition and Efficiency in the Ghanaian Banking Industry

01-3	Nov. 2001	K.A. Ofei	Retooling Credit Unions: the Case of Credit Union Association of Ghana
01-4	Nov. 2001	E.K. Ekumah T.T. Essel	Gender Access to Credit under Ghana's Financial Sector Reform: A case Study of two Rural Banks in the Central Region of Ghana
01-5	Nov. 2001	V.K. Bhasin W. Akpalu	Impact of Micro-Finance Enterprises on the Efficiency of Micro-Enterprises in Cape Coast
02-6	Mar. 2002	F.A. Gockel S.K. Akoena	Financial Intermediation for the Poor: Credit Demand by Micro, Small and Medium Scale Enterprises in Ghana B a Further Assignment for Financial Sector Policy
03-7	Mar. 2003	G. Chigumira N. Masiyandima	Did Financial Sector Reform Result in Increased Savings and Lending for the SMEs and the Poor.
03-8	Apr. 2003	T. Ngwenya N. Ndlovu	Linking SMEs to Sources of Credit: The Performance of Micro Finance Institutions in Zimbabwe
03-9	May 2003	L. Masuko D. Marufu	The Determinants of Transactions Cost and Access to Credit by Small and Medium Enterprises (SME) and the Poor in Zimbabwe.
03-10	Aug 2003	E. Amonoo P.K.Acquah E.E Asmah	The Impact of Interest Rates on Demand for Credit and Loan Repayment by the poor and SMEs in Ghana.
03-11	Nov 2003	C. Diop C. Dorsner D.M. Gross	Understanding Savings Mobilization by Mutual Savings and Loan Institutions in WAEMU Countries
03-12	Dec. 2003	E.K. Ekumah T.T. Essel	Information is Power. The Problem with Credit Accessibility in Rural Banks in Ghana.

Cahiers de Recherche ELIFID

00-1	Dec. 2000	D.M. Gross	Manuel de Gestion de la Recherche.
02-1	Dec. 2002	J. Creedy	Entreprendre un travail de recherche et rédiger un papier de recherche.

00-2	Sep. 2001	A.N. Honlonkou D.H. Acclassato C.V.C. Quenum	Problématique de remboursement des crédits dans les systèmes financiers décentralisés et garantie de prêts aux petits opérateurs économiques au Bénin.
02-3	Sep. 2002	L. Hoton A. Soule	L'impact de la libéralisation et de la me du secteur financier sur les pauvres et les petits opérateurs économiques au Bénin
03-4	Feb. 2003	R.E. Gbinlo Y.Y. Soglo	Libéralisation financière et accès au crédit l'épargne des systèmes financiers décentralisés: le cas des femmes au Bénin
03-5	Nov. 2003	M. K. Z. Kodjo E.H. Abiassi M.C. Allagbe	Le financement de l'agriculture béninoise dans un contexte de libéralisation: Contribution de la Micro Finance.
03-6	Dec. 2003	G.A. Sossou I.Y. Gbere	La demande d'assurance vie dans un environnement de libéralisation financière: Cas du Bénin.
04-7	Jan. 2004	A. Diaw I. Keita	Effets des différentes réformes du secteur financier sur les relations entre institutions bancaires et institutions non bancaires: Concurrence ou complémentarité ?
04-8	Jan. 2004	C. V.C. Quenum C. B. Igue	Libéralisation et financement du secteur primaire par les banques et établissements financiers au Bénin