



# Study on European consumers' over-indebtedness and its implications

Focus group research findings: Bulgaria

Ipsos  
September 2022



*EUROPEAN COMMISSION*

*Produced by European Innovation Council and SMEs Executive Agency (EISMEA) on behalf of  
Directorate-General for Justice and Consumers*

*Directorate B - Consumers*

*Unit B.1- Consumer policy and sustainability*

*Contact: Francesco Gaetano*

*E-mail: [Francesco.GAETANO@ec.europa.eu](mailto:Francesco.GAETANO@ec.europa.eu)*

*European Commission*

*B-1049 Brussels*

# Table of Contents

- 1. Introduction .....4
  - 1.1. Methodology.....4
  - 1.2. Interpreting the data.....4
  - 1.3. Interpreting the data.....5
- 2. Focus group findings for Bulgaria .....6
  - 2.1. Awareness and perceptions of the problem of over-indebtedness .....6
  - 2.2. Coping strategies for over-indebtedness .....7
  - 2.3. Measures to tackle over-indebtedness ..... 10

# 1. Introduction

This report presents the findings of focus group research conducted in Bulgaria as part of a study of European consumers' over-indebtedness and its implications. The aim of the focus group research was to gather improved knowledge of the perspectives, perceptions and wider challenges of consumers as regards over-indebtedness, with a particular focus on identifying how they would respond (or have responded) to finding themselves in this situation.

## 1.1. Methodology

Online focus groups (each comprising 5-6 participants) were conducted in 18 EU Member States: Bulgaria, Croatia, Czechia, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, the Netherlands, Poland, Romania, Slovakia, Spain and Sweden. Two groups were conducted in each country, one among consumers who had experienced over-indebtedness and the other among consumers who had not<sup>1</sup>. Quotas were set with the aim of ensuring that both groups included a mixture of consumers based on gender, age, income, working status household composition, area type (urban/rural) and self-assessed level of financial education<sup>2</sup> and financial literacy<sup>3</sup>. Table 1.1 (overleaf) shows the target and achieved sample profile for each of the focus groups in Bulgaria.

The focus groups were conducted by experienced qualitative researchers in the main national languages of the countries concerned. To ensure a consistent approach across the countries, the moderators used a discussion guide designed by the core research team in discussion with the Contracting Authority. All fieldwork took place between 28 July and 11 August 2022.

## 1.2. Interpreting the data

Qualitative research aims to identify and explore themes and issues relating to the subject being researched. The assumption is that themes and issues raised by participants reflect themes and issues in the wider population(s) concerned. The precise extent to which they apply to those wider population(s), or specific sub-groups, cannot be quantified – for example, in terms of percentages – or generalised beyond participants in the study (as is possible with representative survey research). The value of qualitative research rather lies in identifying the range of relevant perspectives and experiences that exist, the considerations underpinning these, the ways in which people construct meanings and understand specific issues, and the potential impact or implications of all of this. With regard to focus group research specifically, the dynamics of the discussions can reveal a rich tapestry of viewpoints and understandings among group participants, while at the same time disclosing group social norms and consensus.

---

<sup>1</sup> Experience of over-indebtedness was assessed using the following question: *In the last 5 years, have there been any periods lasting more than one month when you have been unable to afford all of your payments or financial commitments, resulting in you getting into debt? Payments or financial commitments" might include things like your mortgage or rent payments, utilities bills, credit repayments, insurance payments or other outgoings.*

<sup>2</sup> Financial education was assessed using the question: *People have different attitudes and behaviours in relation to personal finances. How much importance would you say you place on things like budgeting and saving? A great deal, a fair amount, not very much none at all, or is it not something you think about?*

<sup>3</sup> Financial literacy was assessed using the question: *How would you rate your overall knowledge on financial matters? Would you say it is very high, fairly high, about average, quite low or very low?*

### 1.3. Interpreting the data

**Table 1.1: Target and achieved sample profile for the focus groups in Bulgaria**

Variable	Target composition per group	Group 1: consumers who had experienced over-indebtedness	Group 2: consumers who had not experienced over-indebtedness
Gender			
Male	At least 2	2	2
Female	At least 2	4	4
Age Category			
Under 55 years old	At least 4	4	4
Over 55 years old	At least 2	2	2
Household Structure (Under 55s only)			
Single person household	At least 2	2	2
Household with children under 12 years	At least 2	2	2
Income			
Middle income	At least 2	3	2
Lower income	At least 3	3	4
Working Status			
Full-time or part-time (on a stable basis)	At least 2	3	3
Not working / working only occasionally	At least 3	3	3
Urbanity/Rurality			
Large town/city	At least 3	3	4
Small to middle-sized town or rural	At least 2	3	2
Financial education			
Higher	At least 3	4	4
Lower	At least 2	2	2
Financial literacy			
Good	At least 2	3	2
Poor	At least 3	3	4

## 2. Focus group findings for Bulgaria

### Key Insights

- The focus group participants in Bulgaria believed that debt was very common and affected as many as eight out of ten individuals in their circles of friends and acquaintances. Notably, participants' spontaneous associations with the term debt included regular payments, such as food, household bills, medicine and repairs.
- There was a shared belief that over-indebtedness too was common and, indeed, on the rise. The perceived main reason for this was a combination of rising prices and low, stagnating wages and pensions. Other factors mentioned included the COVID-19 pandemic (specifically, pandemic-related job losses and medical expenses), generally high levels of unemployment, as well individual-level factors, especially reckless spending.
- Suggested coping strategies in the face of over-indebtedness were maximising one's income through working, reducing unnecessary expenditure, finding ways to minimise essential expenditure and selling assets. There was very low awareness of any external forms of help for people struggling with this issue. Indeed, on prompting participants were unable to name any existing organisations that offered debt advice in Bulgaria (aside from banks and companies who provided refinancing and debt consolidation services).
- Participants with experience of over-indebtedness felt that the likely most efficacious measures for tackling over-indebtedness were those aimed at increased the availability of debt advice services and measures to promote responsible lending practices. Participants with no experience of over-indebtedness expressed greater support for the idea of financial education programmes and the introduction of government provided low- to no-interest loans.
- Measures that were viewed much less favourably (by both groups) were advertising campaigns to raise awareness of the risks associated with bad credit choices.

### 2.1. Awareness and perceptions of the problem of over-indebtedness

Asked what came to mind on hearing the term **debt**, participants mentioned a range of associations, many of which were general synonyms or closely related terms like "obligation", "credit" and "bank". Those with experience of over-indebtedness also tended to associate debt with regular expenses, such as food, household bills, medicine and repairs. They referred too to non-traditional lenders – using phrases like "a non-financial institution" and "fast credit" – as well as to 'veresiya', a credit on food items in Bulgaria. Participants with no experience of over-indebtedness, in contrast, were more inclined to mention definitional aspects of debt, like "an obligation to something or someone" or "taking care of your family." These group differences notwithstanding, participants were in broad agreement that having debt (in both secured and unsecured form) was very common in Bulgaria and affected as many as 80% of people in their social circles.

*"Food consumption, debt in the form of "veresiya"- and it will probably happen more and more often to us."*

(Female, over 55 years old, experience of over-indebtedness)

*"[People] either have mortgages or leasing because they can't buy a washing machine and so on - all the necessary things. We are indebted. I have personally not paid my water bill for a few months."*

(Female, under 55 years old, experience of over-indebtedness)

The term **over-indebted** was associated with having too much debt relative to one's income, and with various related difficulties, such as being unable to meet regular payments. Participants with experience of over-indebtedness especially, were quick to provide specific, and sometimes personal, examples of over-indebtedness and its underlying causes. One participant, for example, described how becoming unemployed and losing his income had pushed him into over-indebtedness. Another said that becoming sick or having a family member in this condition could also lead to unforeseen and unaffordable bills. Still another, a younger participant, pointed out that having mental health issues could also contribute to the problem. At the same time, participants acknowledged that individual behaviour, and specifically over-spending, could lead to over-indebtedness too, citing examples of excessive gambling or consumption of expensive consumer goods.

*"[Over-indebtedness happens] when you are broke, when you are unemployed. I have been through that. Everyone wants their money back, but you have nowhere to get money from."*

(Male, under 55 years old, experience of over-indebtedness)

*"You cannot have a salary of 500 BGN and want to spend 1,500 BGN. For example, you receive a 1000 BGN salary, and you buy a phone for 3000 BGN and 200 BGN bag."*

(Female, under 55 years old, experience of over-indebtedness)

There was a shared belief that over-indebtedness was also very common and on the rise. The perceived main reason for this was a combination of rising prices and low, stagnating wages and pensions. Other factors mentioned included the COVID-19 pandemic (specifically, pandemic-related job losses and medical expenses), generally high levels of unemployment, as well individual-level factors, especially the aforementioned reckless spending.

*"And for retirees, it is probably even harder because I take my mother's pension and see what is happening. After paying her electricity and other bills and buying her medications, there is no money left for food."*

(Female, over 55 years old, experience of over-indebtedness)

*"At the moment, most people are fighting to survive. We are not talking about life or living, but about existence [and] survival."*

(Female, under 55 years old, experience of over-indebtedness)

## 2.2. Coping strategies for over-indebtedness

To stimulate discussion of, and gauge participants' perspectives on, possible coping strategies in the face of over-indebtedness, they were presented with two different vignettes, each describing people who were over-indebted, then asked what they felt these people could do to improve their situations. The vignettes are presented in Table 2.1 below.



**Table 2.1: Over-indebtedness vignettes presented in the focus groups**

Vignette 1	Vignette 2
<p>Ivan and Maria are a married couple who live with their two school-age children in a house that they rent from their local commune. Maria works in a call centre part-time. She is reluctant to work more hours because she previously suffered from a stress-related mental health problem that left her unable to work for an extended period. Ivan does not work because the couple believe that if he did, they would be worse off financially due to a loss of benefits. The couple regularly struggles to afford the combined cost of their rent, utilities bills and food bills. They also regularly use credit cards and other short-term loans to afford things like new clothes, household items, leisure activities and holidays. As a result, they have accumulated a high level of debt and struggle to see how they will ever pay this off.</p>	<p>Dimitar is 59 years old and lives alone in a small house which he owns. He works full-time in a care home, where he earns a low wage. He has looked for another job with better wages but has been unable to find one for which he is qualified. Over the last year, he has been finding it increasingly difficult to afford the rising costs of his usual bills and payments and has sometimes had to draw on his savings to do so. However, he recently had a problem with his roof and had to spend all of his remaining savings to have it fixed. As a result, he has had to start drawing on credit to afford his monthly outgoings, and his debt is mounting. He worries about facing another major unexpected expense as he would not be able to afford to repay a further loan</p>

Participants' initial reactions to Vignette 1 were characterised by a clear sense of judgement towards Ivan for choosing not to work and towards both him and his wife for failing to support their children appropriately. Indeed, some participants' facial expressions noticeably changed as the vignette was read out to them, in a way that indicated disapproval or rephension.

*"The man should take a real look into the situation. Because the children are not only [hers]. And they are a family after all. Both are obliged to take care of the children."*

(Female, under 55 years old, no experience of over-indebtedness)

Reflecting these reactions, the most commonly suggested solution to the couple's predicament was for Ivan to **find a job** instead of relying on state benefits. The latter were described as low and intended only to provide a temporary solution for those in need. Several participants recounted occasions when they or their household more generally had been able to solve financial challenges though working as much as possible. For example, one woman described how she had worked in several jobs simultaneously to keep up with expenses while both of her children were students. She further explained that she had made no attempt to find any institutional help because she believed that such help was mainly only given to minorities in Bulgaria (the Roma) rather than other Bulgarians like her.

Other coping strategies suggested for the couple were for Maria to **seek psychological help** to address her mental health problems and/or to simply **find another job that was less stressful**. There was also some suggestion that Ivan could **take advantage of retraining courses available for the unemployed**, presumably to qualify for better-paying jobs, and that, generally, the couple should **minimise all non-essential expenditure**, for example, on leisure and holidays.



*"Well, [at some point] the benefits are over. They have [a maximum term]. Then what do we do? He remains [dependent] only [on] his wife, who works half a day."*

(Male, under 55 years old, experience of over-indebtedness)

*"They took loans and bought new clothes [...] We went shopping in second-hand stores when my parents had financial difficulties. We [were not buying] new clothes or any entertainment activities and vacations."*

(Female, under 55 years old, no experience of over-indebtedness)

Turning to **Vignette 2**, participants were sympathetic towards the man described (Dimitar) as they felt he was in a very difficult situation due to his age, which limited his employment options. They also generally felt that his predicament would have been more difficult to avoid than that of the couple in Vignette 1. Indeed, participants with experience of over-indebtedness commented spontaneously that he had done everything he could and that they too were fearful of facing large, unexpected expenses like a household repair. More generally they related to the difficulties Dimitar faced living on a low wage. In contrast with these reactions, a participant with no experience of over-indebtedness implied that Dimitar could have fixed the roof himself to avoid repair costs. Another, younger participant countered, however, that she and her peers would not have been able to deal with a roof repair themselves.

*"I, like Dimitar, have been able to handle [my loans] up to now [...] but now I've started to really worry how I will handle this winter. We all know that household bills have gone up. And, God forbid, I get sick and I need money for medication, I will have to take additional loans."*

(Female, over 55 years old, experience of over-indebtedness)

*"Dimitar's problem is also my problem as I have a roof that very often leaks and needs repair. I try to maintain [and repair] it myself. If it was a woman in this situation, it would be different, since maintenance of the house is a difficult job."*

(Male, under 55 years old, no experience of over-indebtedness)

In terms of possible coping strategies for Dimitar, participants felt that the best thing would be for him to **find additional work** – though they reiterated that doing so could require “a bit of luck” at his age. Still, one older participant confirmed that she had been able to find additional work in a bigger city when she had found herself in a similar situation to Dimitar. Other strategies suggested for Dimitar were to **sell the house** for a smaller apartment with lower maintenance costs, to **rent out part of the house** or to **get a companion** with whom to share the expenses. On the latter point, two female participants said that they each knew a woman who cohabited with a man for the sole purpose of sharing expenses, albeit to varying degrees of success.

*"Something has to be done with this house. At least one room could be rented. [Otherwise] the house could be sold, and he can buy a smaller dwelling. The difference could secure him during old age. He would then drop some of the house maintenance costs."*

(Female, over 55 years old, no experience of over-indebtedness)

*"It is best to have Dimitar and [a] Dimitrina. Otherwise - it doesn't work. "*

(Male, under 55 years old, experience of over-indebtedness)

Another participant (female, under 55 years old, experience of over-indebtedness) pointed out that Dimitar could consider the possibility of entering into **a property bequeathing agreement**.

While not everyone in the group was aware of such agreements, the participant who mentioned it went on to explain how these worked, drawing on examples from the lives of people she knew. In one of the examples, a 72-year-old person had entered into a contract with a young couple whereby he received a monthly allowance from them in exchange for agreeing to bequeath his apartment to them upon his death.

Participants who had a history of over-indebtedness generally recounted more such proxy (or personal) experiences of problems like Dimitar's than those without such a history. Still even these participants, made virtually no references to any kind of external organisations or authorities that Dimitar or someone in a similar situation could contact for support.

## 2.3. Measures to tackle over-indebtedness

Following on from the discussion described above, participants were presented with some measures that could be put in place to try to prevent people from becoming over-indebted, then asked for their views on these. The measures fell into three main types: measures to change people's attitudes and behaviours; measures aimed at improving the types of credit services available; and measures to help people get out of debt when they experience it (Table 2.2 below).

**Table 2.2: Measures presented to participants in the focus groups**

### **Measures to change people's attitudes and behaviours**

- Financial education programmes – for example, in the workplace and in schools - on the importance of budgeting and saving
- Advertising campaigns to raise awareness of the risks linked with poor credit choices
- Policies that encourage people to save more for the future or for short term or unforeseen needs (e.g., tax relief on investments or pensions savings, tax-free savings accounts)

### **Measures aimed at improving the types of credit services available**

- Measures to encourage responsible lending practices (e.g., checking and ensuring loan levels reflect borrowers' financial status and ability to repay the loan with their income; limiting interest rates on credit to a reasonable level; and limiting fees for early repayment)
- The introduction of state-provided low- or no-interest loans

### **Measures to help people get out of debt when they experience it**

- Increased availability of debt advice services
- Digital tools provided by public authorities to help people budget and keep track of their spending

### 2.3.1. Measures to change attitudes and behaviours

**Participants' reactions to the idea of financial education programmes were mixed.** While some felt that providing such programmes from an early school age could provide children with a good start when it came to managing their money, others, all of whom had experience of over-indebtedness, disagreed. They contended that a person's financial habits were not so much influenced by any education or training they may or may not have received, but rather by their broader attitudes and values. These differing perspectives notwithstanding, all participants were in agreement that offering adults financial education programmes in the workplace would not be worthwhile, partly because the main financial challenge adults in Bulgaria faced was simply that their salaries were too low. In terms of specific topics that any

financial programmes might cover, participants favoured a focus on how to reduce expenses and make a budget. One participant also suggested providing full and clear explanations of terms and conditions linked to loans – such as floating interest rates and other terminology used in ‘the small print’ – to avoid borrowers facing unpleasant surprises down the line.

*“At schools, [financial education] would be more appropriate than at the workplace - when your wage is low and someone shows up to explain to you that you should also save, no one will listen. No matter how good the advice is they give, you are still on the edge of survival.”*

(Female, under 55 years old, experience of over-indebtedness)

The idea of **policies aimed at encouraging people to save** was polarising. On the one hand participants with experience of over-indebtedness felt frustrated by the implication that saving might be an option for them, as they did not have any money left after meeting their regular payments. Those without experience of over-indebtedness, on the other hand, were more open to the idea, though one person suggested that many people lacked the financial knowledge necessary to understand what such saving policies entailed and therefore may not be receptive to them.

*“When you do not have money, how would you save?”*

(Female, under 55 years old, experience of over-indebtedness)

*“People are mostly illiterate in these fields. There are people who are not aware of tax benefits, pension funds, retirement accounts and simply do not have any financial culture and there is no one to explain to them.”*

(Female, under 55 years old, no experience of over-indebtedness)

**Views on the idea of advertising campaigns aimed at raising awareness of the risks associated with poor credit choices were almost entirely negative.** One participant was confused as to what the content of such advertising would be, commenting that she had “never heard an ad for a bad credit.” Others doubted that such advertising would be effective against the abundance of existing advertising encouraging people to borrow more money. Still others felt that the campaigns would effectively clash with the interests of large companies and that this may serve as a barrier to their implementation.

*“Do you think that such an ad would have an effect? It will not be paid as much attention [as one saying] ‘Come, we will give [money] to you quickly, in half an hour with only an ID card’.”*

(Male, over 55 years old, no experience of over-indebtedness)

### 2.3.2. Measures aimed at improving the types of credit services available

**Views on measures aimed at promoting more responsible lending practices were generally somewhat ambivalent.** Participants shared a perception that such measures were necessary and that some, including requirements to check borrowers’ financial status, already existed. At the same time, they contended that lenders did not always apply the requisite checks, making it easy for even insolvent people to get credit. They also doubted that introducing stricter measures would be possible, both because banks were focused on protecting their profits and because borrowers were often so determined to get a loan that they would commit fraud to do so. A similar level of scepticism was expressed about the idea of

setting limits on fees for early loan repayment. As one participant explained, having such limits would not make a significant difference because nobody explained to borrowers the benefits of paying off debt early in the first place – and because early repayment was not an option for those in financial difficulty.

*"[The bank] ask you questions, but there is no control to verify the answers. A stricter control over the declared income would have no effect, because the average Bulgarian will come up with a new scheme [in order to commit fraud]."*

(Female, under 55 years old, experience of over-indebtedness)

As for the **idea of state-provided low- or no-interest loans**, participants often struggled to believe that these could be possible as, for them, loan instruments were the exclusive purvey of private, for-profit firms. Still, participants who reacted more positively to the idea (mainly participants with no experience of over-indebtedness) spoke enthusiastically about the advantages of being able to repay only the original amount borrowed, especially for people in financial difficulties.

*"I like the introduction of state-provided low-interest loans. The other [measures] sound very good but seem unlikely to happen."*

(Female, over 55 years old, no experience of over-indebtedness)

*"To [be able to] pay off as much as you were lent, and not, for example, to borrow BGN 600 and to return the 600 and another 600."*

(Female, under 55 years old, no experience of over-indebtedness)

### 2.3.3. Measures to help people get out of debt

**Reaction to the idea of increasing the availability of debt advice services varied depending on whether or not participants had personally experienced over-indebtedness.** Those with no such experience were generally enthusiastic about the idea, as they felt advice services were lacking in Bulgaria at present, meaning that people often had nowhere to turn if they were struggling with their finances or with understanding financial matters. As if in testimony to this perspective, no participants were themselves able to name any existing organisations that offered debt advice in Bulgaria (aside from banks and companies who provided refinancing and debt consolidation services), though one person mentioned that he had heard of such organisations and taken part in a free financial literacy campaign.

Participants with experience of over-indebtedness spoke more equivocally about debt advice services. While they could see significant potential value in such services, they were unsure that people would use them and felt this would depend on the reasons they had become over-indebted, as well as the value of their debt and the urgency of repayment. One participant said that he would only use the services himself if these were provided free of charge.

**The idea of publicly-provided digital tools to help people manage their finances was generally welcomed by participants.** That said, some emphasised the importance of an advisor-facilitated version of the tool being made available for those who were older or less digitally literate. Another, similar suggestion was that the tools could be introduced to people in the context of debt advice sessions.

#### 2.3.4. Summing up: Perceived most and least efficacious measures for preventing over-indebtedness

Overall, participants with experience of over-indebtedness felt that the likely most efficacious measures for tackling over-indebtedness were those aimed at **increased the availability of debt advice services** and **measures to promote responsible lending practices**. Participants with no experience of over-indebtedness expressed greater support for the idea of **financial education programmes** and the introduction of **government provided low- to no-interest loans**. A measure that was viewed much less favourably (by both groups) was advertising campaigns to raise awareness of the risks associated with bad credit choices.

## **GETTING IN TOUCH WITH THE EU**

### **In person**

All over the European Union there are hundreds of Europe Direct centres. You can find the address of the centre nearest you online ([european-union.europa.eu/contact-eu/meet-us\\_en](https://european-union.europa.eu/contact-eu/meet-us_en)).

### **On the phone or in writing**

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696,
- via the following form: [european-union.europa.eu/contact-eu/write-us\\_en](https://european-union.europa.eu/contact-eu/write-us_en).

## **FINDING INFORMATION ABOUT THE EU**

### **Online**

Information about the European Union in all the official languages of the EU is available on the Europa website ([european-union.europa.eu](https://european-union.europa.eu)).

### **EU publications**

You can view or order EU publications at [op.europa.eu/en/publications](https://op.europa.eu/en/publications). Multiple copies of free publications can be obtained by contacting Europe Direct or your local documentation centre ([european-union.europa.eu/contact-eu/meet-us\\_en](https://european-union.europa.eu/contact-eu/meet-us_en)).

### **EU law and related documents**

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex ([eur-lex.europa.eu](https://eur-lex.europa.eu)).

### **EU open data**

The portal [data.europa.eu](https://data.europa.eu) provides access to open datasets from the EU institutions, bodies and agencies. These can be downloaded and reused for free, for both commercial and non-commercial purposes. The portal also provides access to a wealth of datasets from European countries.



Publications Office  
of the European Union