



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

Focus group research findings: France

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# 1. Introduction

This report presents the findings of focus group research conducted in France 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>. While every effort was made to meet the quotas, this was not always possible: Some last minute drop-outs from the focus groups necessitated additional, late stage recruitment, during which it proved challenging to identify substitute participants who met all of the relevant criteria. Table 1.1 (overleaf) shows the target and achieved sample profile for each of the focus groups in France.

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

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<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?*

among group participants, while at the same time disclosing group social norms and consensus.

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

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	2	4
Lower income	At least 3	4	2
Working Status			
Full-time or part-time (on a stable basis)	At least 2	4	4
Not working / working only occasionally	At least 3	2	2
Urbanity/Rurality			
Large town/city	At least 3	3	2
Small to middle-sized town or rural	At least 2	3	4
Financial education			
Higher	At least 3	4	4
Lower	At least 2	2	2
Financial literacy			
Good	At least 2	3	3
Poor	At least 3	3	3

## 2. Focus group findings for France

### Key Insights

- For participants in France, the term debt carried a host of negative emotional connotations, such as “injustice”, “unfairness” and feelings of fear or anger. These connotations were often a reflection of the fact that the participants themselves were finding it increasingly difficult to afford their regular payments against a backdrop of rising prices and stagnating wages.
- The term over-indebtedness was correctly understood to refer to the situation of having mounting debts of varying description and ending up in debt “spiral”. Participants were unequivocal that this problem, like debt generally, was becoming increasingly common due, not only to the cost of living crisis, but an intensification of consumerism and the proliferation of easy-access quick loans.
- Suggested coping strategies in the face of over-indebtedness were working as many hours as possible (for example, working in more than one job), retraining to qualify for a better-paid job, minimising non-essential expenditure, seeking professional debt advice and fully exploring the range of state benefits available.
- The perceived more efficacious measures for tackling over-indebtedness were preventative measures – especially financial education programmes and awareness-raising campaigns – along with measures to improve the types of credit services available. Both types of measure received particularly strong support among consumers with experience of over-indebtedness.
- There was less enthusiasm for more remedial measures, such as state-provided digital tools for budgeting. Indeed, participants contended that such measures may not even be necessary if preventative actions were implemented effectively.

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

Asked what came to mind on hearing the term **debt**, participants in France mentioned a range of associations. These included specific types of debt – from bank overdrafts and loans to payment arrears and mortgages – as well as a host of negative emotional connotations, such as “injustice”, “unfairness” and feelings of fear or anger. These emotional connotations were for the most part a reflection of the fact that the participants were themselves finding it increasingly difficult to afford their regular payments against a backdrop of rising prices combined with stagnating salaries.

*“Our salaries don’t cover our bills anymore with the inflation, more and more people are in this situation.”*

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

*“I think about injustice, this is not normal.”*

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

Still, participants went on to comment that debt sometimes also resulted from factors other than poor economic conditions. Specifically, they mentioned the proliferation and growing accessibility of quick consumer loans, combined with individual-level behaviours such as poor financial management and living beyond one's means – or, as one person put it, satisfying “wants” rather than “needs”.

The term **over-indebted** was correctly understood to refer to the situation of having mounting debts of varying description and ending up in a debt “spiral” that was hard to get out of. Relatedly, there was mention of the fact that the over-indebted may resort to taking out large loans to consolidate multiple smaller loans, which only served to compound their difficulties. Participants were unequivocal that over-indebtedness, like debt generally, was becoming increasingly common. They identified several factors underlying this. While these factors generally mirrored those they had cited as the main causes of debt, discussed above, they placed renewed emphasis on the rising cost of living and specifically on what they felt had precipitated this. There was mention of the war in Ukraine and its impact on the cost of commodities, and also to wider scarcity in commodities (petroleum and wheat). The COVID-19 pandemic was mentioned as another contributing factor, mainly on the basis that it had resulted in increased unemployment. Participants with no experience of over-indebtedness also felt that the ending of COVID-19 restrictions had seen consumers spending heavily to “make up for “lost time” and getting into difficulty as a consequence.

Alongside macro-level economic factors, participants felt that socio-cultural trends were also contributing to rising over-indebtedness. Specifically, they referred to an intensification of consumerism over recent years, characterised by an inability among some people to resist the “temptation” of an ever-expanding range of goods and services. The perceived lack of financial education among consumers was mentioned as factor that played into this problem too.

*“We are constantly tempted, more than before, to spend money on holidays or smartphones, we pay in instalments, or we can't afford to pay anything.”*

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

*“We don't necessarily manage our money the best way, we don't think about the future and how to save up money.”*

(Male, over 55 years old, no 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 Figure 2.1 below.

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

Vignette 1	Vignette 2
<p>Sébastien and Laure are a married couple who live with their two school-age children in a house that they rent from their local commune. Laure 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. Sébastien 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>Didier 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>

### 2.2.1. Vignette 1

There was a consensus that the couple in Vignette 1 were largely to blame for the difficulties they were facing. Participants were especially critical of Sébastien’s decision to rely on benefits instead of working – which some of them described as “profiteering” from the state – and also of the fact that the couple appeared not to be managing their money well by spending on non-essential items like holidays, leisure activities and clothing.

Participants were unequivocal that Sébastien should **start working as soon as possible**. Indeed, they commonly expressed a view that any person who was physically fit should always do all they could to find a job and earn a living, especially if they were having financial difficulties. Several participants were keen to point out that, in working, Sébastien would receive not only a salary but also other benefits, such as health insurance and meal vouchers, the total value of which would exceed his income from social security benefits alone. Other participants suggested that Laure too could try to find a new job, potentially one that was low-stress, so that she could contribute more the household income alongside Sébastien.

In addition to these suggestions participants felt strongly that the couple needed to **develop a household budget, ideally in consultation with a professional advisor**, to help them better manage their income and work towards improving their situation. At the same time, there was a consensus that they should **stop spending on holidays or other unnecessary “wants”** to avoid getting into even more debt. A further, money management-related suggestion was that they could seek to consolidate their existing loans into one larger one so that they no longer faced so many different repayments with varying levels of interest.

*“The couple shouldn’t be alone, they should seek out help from a professional that can advise them on how to manage their income and improve their situation.”*

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

*"They can get help from social workers to help them review the payments e.g., reducing the amount that needs to be repaid on a monthly basis."*

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

Some participants suggested, in addition, that the couple should make efforts to **better inform themselves of different types of social benefits available** to working people, with a view to potentially maximising their income through both work *and* benefits.

*"With work there are actually some benefits [...] There is no need to be on job seeker's allowance to afford to pay your bills."*

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

### 2.2.2. Vignette 2

Participants were much more sympathetic toward the person described in Vignette 2 (Didier) than towards the couple in Vignette 1. They felt that his situation was a very difficult one as he was already maximising his income by working full time and was also close to retirement age. Those with personal experience of over-indebtedness described finding Didier's situation very relatable in the sense that they too had faced, or worried about facing, unexpected expenses like household repairs and not being able to afford these.

Some participants suggested that Didier could have claimed **state support to pay for his roof repair**, thereby avoiding the need to take out a loan. However, others who had previously found themselves in a similar situation to Didier remarked that such state support was only provided for renovations aimed at improving home energy efficiency, not for basic repair work.

*"He can avoid taking out loans for the renovations and get help, he really needs to seek them out because they are available. I managed to renovate my outside windows this way."*

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

*"You can get some aid for [renovations] but it's not just for repairs – there needs to be some again to it; for example, setting up solar panels."*

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

A commonly suggested coping strategy for Didier was for him to **get professional advice** to identify how he might reduce or manage his debt. There was also suggestion that he could **consider selling his home and moving into a smaller one** where he would face lower bills and expenses. Notably, participants generally did not think that he should consider renting instead of owning a home, as they believed that having the "security" of an asset was important. That said, one person suggested that he could perhaps consider **selling "in viager"**, whereby the buyer would provide an initial down payment (the "bouquet") followed by regular cash instalments for a defined period, whilst allowing Didier to continue living in the house for the remainder of his life.

A less common suggestion was that Didier could **find an additional job to supplement his income**. One participant went so far as to suggest that he could take such a second job without declaring it to the state. Others felt that it could be difficult for Didier to find a new job, however, given his age.

## 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**

<p><b>Measures to change people's attitudes and behaviours</b></p> <ul style="list-style-type: none"><li>➤ Financial education programmes – for example, in the workplace and in schools - on the importance of budgeting and saving</li><li>➤ Advertising campaigns to raise awareness of the risks linked with poor credit choices</li><li>➤ 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)</li></ul> <p><b>Measures aimed at improving the types of credit services available</b></p> <ul style="list-style-type: none"><li>➤ 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)</li><li>➤ The introduction of state-provided low- or no-interest loans</li></ul> <p><b>Measures to help people get out of debt when they experience it</b></p> <ul style="list-style-type: none"><li>➤ Increased availability of debt advice services</li><li>➤ Digital tools provided by public authorities to help people budget and keep track of their spending</li></ul>
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### 2.3.1. Measures to change attitudes and behaviours

**There was strong enthusiasm among participants for this sub-set of measures.** They felt that prevention was key when it came to tackling over-indebtedness and that education and awareness-raising would serve as indispensable tools in this regard. Specific themes that they felt needed to be addressed through education and awareness-raising were how to budget; how to prioritise different types of expenses, including the importance of distinguishing between wants and needs; and the risks associated with loans.

*“Prevention is really important, we can show younger people types of scenarios and make them think about ways to better manage their money, avoid ending up like this.”*

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

*“It's really important to educate about risks related to loans, adverts could be an interesting idea.”*

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

At the same time, views were somewhat divided on the idea of financial education programmes being provided in schools. Some participants were very supportive of this as they felt strongly that consumers needed to be taught about financial matters from an early stage in their lives, before they made mistakes – and because young people did not always see good financial management being modelled at home. Others questioned whether young people would pay

attention to financial education, however, given that they were not financially independent and so may not readily “identify” with the issues. Views on providing financial education in the workplace were similarly divided. On the one hand, there were those who felt that the workplace was a very relevant locus as it was where people obtained the bulk of their income (i.e., their expenditure). On the other hand, there was suggestion that salaries, and finances in general, were somewhat taboo subjects in the workplace, meaning that people might be “shy” about discussing them there. Suggested alternative channels through which financial education and/or awareness-raising could be delivered were banks and social media. The latter suggestion was made on the basis that the online sphere was where many people found out about, and accessed, problematic quick loans.

*Very interesting measure. I would add that banks should also get involved in this. They're a main actor in this process.”*

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

Still, there was a consensus that the impact of any measures to change attitudes and behaviour would most likely be gradual rather than immediate, because people would take time to learn to manage their money better and alter their mindsets towards spending. In these respects, such measures were likened to public health campaigns, such as those aimed at reducing rates of smoking and obesity.

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

**This sub-set of measure was also very well-received by participants.** They reiterate their view that many types of loan – including some bank loans, quick loans and pay by instalment options – were much too easy to acquire, with the effect that people ended up with loans they could not afford and ultimately facing severe difficulties as a consequence. Measures to encourage responsible lending practices, together with state-provided loans, were seen as “real”, “proactive” solutions to addressing this problem and promoting more sustainable borrowing. In relation to the idea of limiting interest rate on loans specifically, a participant with experience of over-indebtedness commented, that this may even help enable some borrowers to put away savings.

*“It's too easy to take out a loan, like online banking, there are not enough checks. These measures are really needed.”*

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

*“Limiting interest rates can make you save up money. That's really good.”*

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

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

**Increasing the availability of debts advice services was seen as another important step in tackling over-indebtedness.** There was a consensus among participants that people who were in financial difficulties could benefit greatly from receiving personalised support from a qualified professional – both in terms of learning about different solutions available and identifying an optimal way forward. Such provision was seen to be lacking at present, however. Indeed, participants were unable to name any specific organisations that provided debt advice, beyond banks, social workers and social services (‘assistance sociale’). That said, some

commented that, if they needed to identify such an organisation, they would make enquiries at their local commune.

*“The best thing is to get advice from professionals.”*

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

*“It’s good to feel supported and helped to better manage your income.”*

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

**Views on the idea of publicly-provided digital tools aimed at helping people better manage their finances were on the whole quite negative.** Participants with experience of over-indebtedness especially commented that they could not see how the tools would help people who were already in debt – particularly if their problems were due to the fact that their salary was too low to cover their regular payments. Some also commented that digital tools represented too “passive” an intervention, in the sense that these would not provide people with guidance on *how* to go about improving their situation or changing their relationship with money. Another concern raised was that digital tools may not be suitable for older, less digitally literate segments of society.

#### 2.3.4. Other measures suggested

In addition to the measures discussed above, some participants spontaneously argued for the complete abolition of easy-access online loans, reflecting their belief that these were a significant facilitator of consumer debt.

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

Of all of the individual measures considered over the course of the focus groups, those that participants felt were most likely to be efficacious (for reasons outlined above) were:

- **Measures aimed at improving the types of credit services available**
- **Measures to change attitudes and behaviour**

The former type of measures was particularly popular among participants with experience of over-indebtedness, while the latter type was more popular among those without such experience. This difference notwithstanding, both groups felt that if the two types of measures were implemented effectively, there would be no need for the third sub-set of measures considered – those aimed at helping people get out of debt.

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