

Household Survey “Nos Cartera y Nos Finansa”

Initial results

Introduction

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- In May and June 2010 the CBA held the survey “Nos Cartera y Nos Finansa”. The goal was to gain insight in the financial position of Aruban households.
- The survey consisted of 63 questions.
- From a sample size of 1,400 households, we gathered 894 responses for a response rate of 63.9 percent.

Demographics

Demographics

Table 1: Age of adult 1 (in percentage)

Age Category	Frequency in percentage
15-19	0.1
20-24	0.7
25-29	2.9
30-34	6.1
35-39	7.4
40-44	10.7
45-49	12.9
50-54	14.2
55-59	12.7
60-64	11.4
65 or older	21.0

N=892

59.3 percent in age group 50 years or older. According to census results, this percentage is 30.5 percent. However, distributions are not fully comparable.

Demographics

Table 2: Activity status in percentage

Status	Frequency in percentage
Employed	62.5
Unemployed	4.9
Not active	32.5

N=891

81.7 percent of the persons that indicated not being active are retired. The remaining group is not active due to health reasons or is working in the own household. According to Census 2010 results, only 42.6 percent of the inactive population are pensioners.

Demographics

- 88.7 percent of the sample have a Dutch nationality (census 2010: 80.5 percent)
- 5.9 percent have less than primary education (census 2010: 8.3 percent)
- 20.9 percent have an education of HAVO or higher (census 2010: 30.7 percent)

Income and wealth

Income and wealth

Table 3: Stable income in percentage

Stable income	Frequency in percentage
Yes	94.9
No	5.1

N=894

Nearly 95 percent of the households have a stable income. However less than half of the households have a savings account or time deposit.

Table 4: Savings account

Status	Frequency in percentage
Savings account	42.9
Time deposit	0.6
Saving and time deposit	2.6
None	52.4
Don't know	1.6

N=890

Income and wealth

As of 2011, a pension scheme will be mandatory for all employees. At least 60 percent of households will be affected by the new pension scheme.

Table 5: Pension scheme

Pension scheme	Frequency in percentage
Yes	40.0%
No	60.0%

Excludes the age group 60+

Income and wealth

80.3 percent of the households have an income of Afl. 6,000 or less.

Table 6: Income in Afl.

Income category	Frequency in percentage
1,500 or less	12.2
1,501 - 3,000	28.7
3,001 - 6,000	39.4
6,001 - 9,000	11.1
9,001 - 12,000	4.2
12,001 - 15,000	1.8
15,001 or more	2.6

N= 885

Credit and debt

Credit and debt

Table 7: Credit instruments owned

Credit instrument	Percentage	N	Median	Mean	S.D
Mortgage	31.9	894	Afl. 93.300	Afl. 135.391	Afl. 118.957
Credit Cards	32.3	885	Afl. 1.790	Afl. 3.002	Afl. 3.680
Personal loans	29.3	886	Afl. 12.049	Afl. 17.411	Afl. 21.867
Car loans	20.9	886	Afl. 15.000	Afl. 22.979	Afl. 39.472
Purchases in installments	9.3	884	Afl. 1.000	Afl. 2.303	Afl. 6.587
Student loans	2.1	888	Afl. 16.900	Afl. 33.601	Afl. 46.814
Tax debt	19.2	889	Afl. 1.540	Afl. 5.510	Afl. 11.069

The most commonly owned credit instruments are mortgages, credit cards, and personal loans

Credit and debt

Table 8: Informal service providers (N= 894)

	Frequency	In percentage
I. Borrowing from informal service providers		
Yes	110	12.3
II. From what kind of provider		
Non-institutionalized moneylenders	16	14.5
Employer	9	8.2
Family	59	53.6

Table 9: Why do people borrow from the informal sector

Reason	Frequency in percentage
Faster	67.9
Little information exchange	7.1
Less paperwork	5.4
Unable to receive credit from formal sector	8.9
Other reasons not specified	10.7

N=56

Considering the emergence of pawn shops, it appears that the number of households that borrow from non-institutionalized money lenders is underreported.

The main reason for borrowing from the informal sector is that the process is faster.

Credit and debt

Table 10: Factors taken into account when deciding where to get a loan (N= 894)

Factor	Percentage of sample who agree on importance
Low interest rates	52.7
Affordable monthly installments	38.5
Receiving loan as soon as possible	33.2
Repayment period	28.6
Flexibility of repayments	27.3
Trustworthiness of provider	15.0
Quality of service provided	14.0
Past experience with service provider	10.6
No proof of employment	4.1
No credit checking	2.9
Fewer insurance requirements	1.8

Credit and debt

Table 11: Debt repayment to income ratio

Ratio	Frequency in percentage
no debt repayments	33.9
15% or less	20.4
16%-23%	8.1
24%-38%	10.1
39%-50%	6.4
51%-100%	10.6
more than 100%	10.4

N= 893

27.4 percent of households have a ratio over 39 percent, which is considered dangerous or overburdened.

Credit and debt

Arrears appear to be higher in the income groups earning Afl. 6,000 or less per month.

Table 12: Income vs. arrears as percentage of group (N=886)

Income	Arrears	
	Yes	no
1,500 or less	17.6%	82.4%
1,501 - 3,000	16.5%	83.5%
3,001 - 6,000	9.1%	90.9%
6,001 - 9,000	3.1%	96.9%
9,001 - 12,000	5.4%	94.6%
12,001 - 15,000	0.0%	100.0%
15,001 or more	0.0%	100.0%
Total arrears	99	

Income vs. Expenses

Income vs. Expenses

35.9 percent of households spend more than their income each month.

Table 13: Overspending (including debt) (N=885)

Overspending (in Afl.)	Frequency in percentage	Descriptives of overspending (in Afl.)	
-1000 or more	13.3	Mean	719
-999 - 500	9.0	Median	377
-499 - -1	13.6	Minimum	-15,018
No overspending	63.8	Maximum	16,516
		S.D.	2,386

Perception of household finance

Perception of household finances

Table 14: Has your household been financially negatively affected during the last 12 months

Answer	Frequency in percentage
Yes	35.4
No	64.6

N= 891

Possible reasons for being negatively affected include: Bankruptcy, Calamity in the household, Judicial problem, illness or death of a household member, etc.

Perception of household finances

Table 15: Grade household financial situation

Grade	Percentage	Mean	Median
1	2.3	5.9	6.0
2	1.9		
3	4.5		
4	7.8	N	S.D.
5	20.5	886	1.66
6	26.2		
7	23.9		
8	9.9		
9	1.9		
10	1.0		

Concluding remarks

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- There is possibly underreporting on issues such as arrears and informal borrowing.
- Over 35 percent of households spend more than their income. Mainly in the income category up to Afl. 6,000.
- Payment arrears are more frequent in the income category up to Afl. 6,000.

Concluding remarks

- About 27.4 percent of households have a risky or dangerous debt repayment to income ratio.
- Dangerous debt levels are higher in the lower income categories.
- There is a problem of over spending or over leveraging in 30-35 percent of households, mainly in income categories under Afl. 6,000.

Thank you