

An examination of the Debt Relief Notice and its effectiveness in improving the financial well-being of over-indebted individuals.

Research carried out under the supervision of Gail Sheppard and Anthony Day

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August 2019

Acknowledgements

There are a number of people I want to thank for their support in bringing this research to its completion. Firstly, I am very grateful to the participants in this study for agreeing to take part in the research and share their experience of the Debt Relief Notice insolvency remedy.

I would also like to thank Tallaght MABS and Finglas/Cabra MABS for their support in this research. In particular, I would like to express gratitude to Gwen Harris, Dublin North MABS Manager, for her ongoing assistance throughout this study.

Finally, I would like to express my sincere gratitude to my supervisors Gail Sheppard and Anthony Day for their direction and encouragement throughout this study.

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Executive Summary

While policies have been introduced to manage the problem of over-indebtedness, they have yet to be examined for their success. The idea of complete success in a policy is difficult to meet and most policies have some form of failings within them (McConnell, 2010). Furthermore, the concept of success can be difficult to examine. A recent study on the elements for the success of debt advice in Germany acknowledged that measuring the efficiency and effectiveness of debt advice can be difficult. This is due to the goals of individuals being different and there being no shared parameters. Goals need to be defined to measure success (Korczak, 2016).

CIVIC Consulting (2013) demonstrated how over-indebtedness can have a negative effect on an individual's well-being. A deterioration in well-being was one of the consequences of over-indebtedness most discussed by households and was revealed to be a shared parameter by those experiencing over-indebtedness. With this in mind, this study examined an element of well-being, an individual's financial well-being. The financial well-being of those individuals availing of the Debt Relief Notice (DRN) insolvency remedy is examined in reference to the effect the remedy has on their financial well-being. The study takes a bottom-up approach to examining the effectiveness of the DRN from the perspective of the individuals availing of the policy response.

The results revealed that although the policy is working to remove the over-indebtedness, its impact is only short term. The policy is not fully effective in increasing the financial well-being of the participants as it does not put them in an advantageous position to meet future financial goals. Neither does it enable them to build resilience towards future unexpected life events. However, the results did reveal a reduction in the financial distress experienced by the participants once they availed of the DRN, which in turn enabled them to regain control over their day-to-day finances. Also revealed in this study was an increase in health, in addition to resourcefulness and lifestyle improvements with the removal of financial distress.

1 Introduction

1.1 Purpose of the report

The purpose of this report is to present the findings of a recent study examining the effectiveness of the DRN insolvency remedy in addressing the financial distress/financial well-being of over-indebted individuals. The research was conducted with clients from two MABS offices in the Dublin region.

1.2 What is a DRN?

A DRN is an insolvency solution aimed at individuals with low income and few assets. This debt resolution is suitable for individuals with credit debts such as personal loans and credit cards and who are unable to pay anything towards their debts. When individuals avail of a DRN, the creditors included can no longer make contact and cannot take any legal or debt collection action against the debtor.

The following points set out the eligibility criteria for a DRN:

- Unsecured debts are less than €35,000
- The individual does not have a mortgage or own a property or any other large asset.
- The individual has €60 or less disposable income per month after reasonable living expenses (RLEs) are accounted for.
- The individual has not been granted a DRN previously.
- The individual has not completed a DSA or a PIA in the last five years.

This debt resolution mechanism is a legally binding solution that will last for up to 3 years (the supervision period). After that time the debts included in the DRN will be written off. An individual also has the option to exit the process at any time by paying 50% of the total amount owed. The outstanding balance is then written off. If a person is granted a DRN, they do not make payments to the creditors listed in the DRN unless their financial circumstances improve and they gain an increase in income greater than €400 net per month.

If an individual avails of a DRN insolvency solution there is a minimum standard of living they are entitled to. The reasonable living expenses (RLEs) are guidelines developed by the Insolvency Service of Ireland to cover costs for necessities such as food, clothing, childcare, healthcare, education, transport and household energy¹. They are reviewed annually to ensure the cost of living is accurately reflected. The RLEs also allows for social participation and a modest allowance for savings and contingencies. The RLEs are in place to meet “the physical, psychological and social needs of an individual”². Interestingly the motives specified for the RLEs correspond to the definition of an individual’s well-being.

1.3 Well-being

The National Economic and Social Council (NESC) defines well-being as “a positive physical, social and mental state” (NESC, 2009, p. 3). There are two subsets when analysing well-being; an individual’s subjective well-being and their objective well-being. Subjective well-being refers to an individual’s own assessment of their life, whereas objective well-being assesses the objective elements of a person’s life (Western and Tomaszewski, 2016). Many countries and supranational organisations are now in agreement that more is needed to determine how well a country or society is doing in terms of their overall well-being. There has been a move from the traditional focus on Gross Domestic Product (GDP) and economic statistics to an emphasis on the public’s well-being (Johnston, 2009; NESC, 2009; OECD, 2013).

The Organisation for Economic Co-operation and Development (OECD) now measures well-being through the Better Life Initiative (Boarini, 2011). The OECD put forward a framework to analyse household income and wealth at a household level. The Framework was formed with the perception that financial well-being was a significant factor for overall well-being. The Consumer Financial Protection Bureau (CFPB) defines financial well-being as “a state of being

¹ An approximate guide of the reasonable living expenses can be calculated at <https://backontrack.ie/rle-calculator/>. However, an AI or PIP can go through an individual’s information in more detail to assist with the correct RLE calculation.

² www.isi.gov.ie, Reasonable Living Expenses Background Information ISI Tackling problem debt, together. p. 6, Reasonable standard of living. Date Accessed 2016-11-29.

wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life” (CFPB, 2015a, p. 18). Douglas *et al.*, (2015) discuss the damaging effects lacking control can have over an individual’s health and well-being. However, the provision of financial counselling to those in financial distress can assist an individual to regain control of their finances (Harris, 2005).

The financial capability to assess appropriate financial products to meet future goals and expectations is important for an individual’s financial well-being, especially as an individual’s confidence in reaching their financial goals has been linked to a higher financial well-being (Melford *et al.*, 2017). Those who have goals set are more likely to save (Money Advice Service, 2015) and have been shown to have higher levels of financial capability (Ajzerle *et al.*, 2013). A low financial capability can lead to individuals refusing to use financial products which results in financial exclusion (Russell, Maître and Donnelly, 2011).

According to the CFPB (2017), there is agreement from those providing consumer financial advice that in addition to the provision of advice and knowledge, they must also equip consumers to act on this knowledge. The timing of consumers acquiring knowledge is also crucial, especially for those in financial difficulty who need to get the appropriate advice at an early stage to prevent the onset of severe financial distress (Barnes *et al.*, 2017; Collard, 2013).

1.4 Financial distress and its effects on health and well-being

Financial distress is a subjective phenomenon (O’Neill, Prawitz, *et al.*, 2006; Copur, Gutter and Erkal, 2014). One person’s perceived financial distress can differ from another’s, even if they have identical income and wealth (Garman *et al.*, 2005; O’Neill, Sorhaindo, *et al.*, 2006; Copur *et al.*, 2014). Financial distress occurs with the build-up of stressor events e.g. overdue notices. Before one can be dealt with, another one is already happening (O’Neill, Sorhaindo, *et al.*, 2006). In addition to the psychological implications of financial distress, Nelson *et al.*, (2008) report side effects such as an increased intake of alcohol and drugs by those affected, as well as reports of worse diets and sedentary behaviour.

As well as the negative effects on health, over-indebtedness can also cause poverty and deprivation as all of an individual's money is being utilised to pay the debts (Russell *et al.*, 2011). The Central Bank of Ireland carried out a study to determine the key drivers of financial stress. They found behavioural factors to be an important determinant of financial difficulty in addition to the usual factors of socio-economic, financial literacy and demographics (McCarthy, 2011). Financial stressors, financial knowledge and demographic characteristics can all have an impact on financial behaviours (Joo and Grable, 2004). A study on credit counselling clients found that clients who exercised positive financial behaviour had higher financial well-being and were more likely to express improved health (Kim *et al.*, 2003). Behavioural changes that reduce financial distress will improve an individual's well-being (Prawitz *et al.*, 2006). The CFPB (2015a) discuss the ability of self-efficacy to have an effect on financial behaviour and describe it as an individual's adeptness to effectively influence their life outcomes. When we discuss self-efficacy with specific reference to financial matters, this refers to a person's financial self-efficacy.

2 Methodology

This study utilised a mixed methods approach to examine the effectiveness of the DRN. Although the study applies a mixed methods approach, it is one that is qualitatively dominant. Johnson *et al.* (2007) argue that although a study can take a mixed methods approach, it is possible to take a quantitative or qualitative dominant method.

The effectiveness of the insolvency solution was initially measured quantitatively using the Personal Financial Wellness (PFW) Scale (Prawitz *et al.* 2006). The scale is an eight item survey that measures perceived financial distress/financial well-being on a continuum ranging from excessive financial distress/low financial well-being, to no financial distress/high financial well-being (Prawitz *et al.* 2006). The authors state “the scale can be used....to assess the effectiveness of efforts to reduce financial distress and improve financial well-being” (Prawitz *et al.*, 2006, p. 46).

The qualitative element involved exploratory research directly with the over-indebted individuals in the form of semi-structured interviews. The interview questions, which are available in Appendix 3, allowed the researcher to ask open ended questions. This enabled the participants to direct the interview to areas important to them. All of the participants selected for interview were those who had already undertaken the quantitative element of the study. Furthermore, all participants had been in the DRN process at least six months, with several in the study being in the DRN process a year.

For the qualitative interviews, the questions were developed with reference to ‘The four elements of financial well-being’ definition developed by the CFPB (2015a) in the USA.

2.1 The Four Elements of Financial Well-being

Traditional measures akin to income cannot depict the notion of financial well-being adequately (CFPB, 2015a; The Money Advice Service UK, 2015). Through qualitative research, the CFPB defined financial well-being as a state “wherein a person can fully meet current and

ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life” (CFPB, 2015a, p. 18). From this definition they developed the ‘Four elements of financial well-being’ as in Table 1 below.

Table 1. Four elements of financial well-being framework (CFPB, 2015a, p. 19)

Four Elements of financial well-being		
	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of Choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals

The four elements of the definition have a strong timeframe aspect. The two elements ‘Control over your day-to-day, month-to-month finances’ and ‘Financial freedom to make choices to enjoy life’ relate to the present. While the second two, ‘Capacity to absorb a financial shock’ and ‘On track to meet your financial goals’ pertain to the future well-being of an individual. The two elements of the present refer to a person’s ability to pay their bills, being without unmanageable debt, and making ends meet. It also encompasses the ability to make choices in life, such as being able to go out and socialise, take a holiday or take some time out from work to enjoy family. The future elements refer to having things such as savings, insurance/health insurance, as a ‘cushion’ in the event of an emergency. Also important is having family or friends who could assist if an emergency did arise. All of these encompass the individuals’ ability to absorb an unexpected financial shock. The final element refers to being on track to meet financial goals e.g. paying off a particular debt. (CFPB, 2015c).

3 Data Analysis

3.1 Introduction

The constant comparison method of data analysis outlined by Maykut & Morehouse (1994) was used in the analysis of the qualitative data presented in this chapter. The researcher utilised NVivo 11 qualitative data analysis software to help organise the data analysis in this study. The chapter will commence with an outline of the quantitative element of the research and its results. The final themes presenting from the qualitative analysis, in addition to supporting quotations from the interview data will then be discussed. The chapter will conclude with a discussion on whether the DRN has been effective in addressing the financial well-being of over-indebted individuals.

3.2 Quantitative data analysis

The quantitative survey consists of two sections, see Appendix 1 and Appendix 2. Section one involved basic demographic questions. It also contained two questions on health, in addition to a two-part question on the individual's attendance with the Money Advice and Budgeting Service (MABS). Section two contained the PFW scale in line with Prawitz *et al.*, (2006). Minor adjustments were made to the scale to make it more suitable to those taking the survey. The survey included the term 'living paycheck to paycheck', which was changed to state 'living payday to payday'. Finally, the dollar currency was changed to the euro symbol, as a correct representation of the currency in use by the potential participants of the survey.

3.2.1 Analysis of section one of the survey

The study comprised of eight participants in total, three identified as male, and five as female. It was not the researcher's intention to have nearly twice the amount of women as men in the study; rather this was the selection of participants who agreed to take part. The results from the health question agrees with previous studies which examined the health of individuals after participating in a debt management program, all of which demonstrated improvements in health (O'Neill *et al.*, 2005; Richardson, Elliott and Roberts, 2013).

Additionally, numerous other studies have found that those suffering from financial distress report higher levels of perceived stress and ill health (O'Neill *et al.*, 2005; O'Neill *et al.*, 2006; Sweet *et al.*, 2013; French and McKillop, 2017).

3.2.2 Analysis of section two of the survey

The second section of the survey comprised the PFW scale (see appendix 2). In line with Prawitz *et al.*, (2006), Table 2 sets forth the interpretation of the overall scores for the financial distress/financial well-being survey.

Table 2. Interpretation of scores on the scale overall

Score range	Description
1.0 - 4.0	high financial distress/low financial well-being
4.1 - 6.9	average financial distress/average financial well-being
7.0 - 10.0	low financial distress/high financial well-being

A breakdown of each participant's responses to questions can be seen in Table 3. The financial well-being score was calculated for each participant, and colour scales applied using the conditional formatting option in excel to enable easier viewing of similarities across answers.

Table 3. Responses to the financial well-being survey and final results

Participant ID	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Financial well-being score	Gender
P1	7	2	4	2	1	1	1	3	2.63	Female
P2	7	6	4	4	2	2	2	4	3.88	Female
P3	6	5	4	4	2	2	2	6	3.88	Female
P4	7	5	4	4	4	4	2	7	4.63	Female
P5	7	7	4	5	8	2	3	5	5.13	Male
P6	7	6	5	5	4	4	5	6	5.25	Male
P7	7	8	7	7	1	4	3	7	5.50	Male
P8	7	8	7	7	4	4	4	7	6.00	Female

In general, the female participants are displaying a lower level of financial well-being than their male counterparts. This corresponds with the results established in the overall development, administration, and score interpretation by the developers of the scale (Prawitz *et al.*, 2006). In the current study, the majority of women scored less than the men. However, one female, P8, scored 6, which gives her an average financial distress/financial well-being score. This particular participant is retired. This is in line with Prawitz *et al.*, (2006) who report that retired respondents have the highest mean score overall (M = 6.4). Table 4 provides the financial well-being scores for all participants combined with their attributes.

Table 4. Financial well-being scores with participant attributes

Participant ID	Financial well-being score	Score classification	Age	Gender	Employment Status	Income Source	Dependent Children	Marital Status
P1	2.63	Low financial well-being	46	Female	Unemployed	Social Welfare Payment	0	Divorced
P2	3.88	Low financial well-being	59	Female	Unable to work due to illness/disability	Invalidity Pension	0	Divorced
P3	3.88	Low financial well-being	34	Female	Employed	Wage	0	Single
P4	4.63	Average financial well-being	52	Female	Unemployed	Social Welfare Payment	1	Separated
P5	5.13	Average financial well-being	57	Male	Unable to work due to illness/disability	Disability payment	0	Separated
P6	5.25	Average financial well-being	67	Male	Retired	Pension	0	Single
P7	5.50	Average financial well-being	60	Male	Unemployed	Social Welfare Payment	0	Single
P8	6.00	Average financial well-being	68	Female	Retired	Pension	0	Widowed

3.2.3 Conclusion to quantitative data analysis

The quantitative analysis revealed the current level of financial well-being of each participant. Although the participant with the highest level of financial well-being is female, the females in general are experiencing a lower level of financial well-being compared to the men. The quantitative study revealed a number of participants are still experiencing difficulties managing ordinary living expenses day-to-day since availing of the DRN. This was examined further in the qualitative study to obtain additional insight.

3.3 Qualitative data analysis

Table 5 exhibits the final themes presenting from the qualitative data analysis linked to their corresponding elements in the financial well-being definition. The themes developed in the analysis have been placed under the element of financial well-being with which the researcher deemed there was an association. Specified across from each category is the figure for the number of sources and text blocks representative of the category. The source denotes the number of participants who made reference to that particular category and text blocks signify the amount of times a selection of coded text mentions the category.

Table 5. Linking themes of the study to the financial well-being definition

	Present			Future		
	Themes	Source	Text blocks	Themes	Source	Text blocks
Security	Theme 1: Control over day-to-day, month-to-month finances	8	130	Theme 2: Capacity to absorb a financial shock	8	72
	Advocacy & Knowledge	8	41	The ability to manage a financial shock	8	40
	Control	8	24	Financial shock a cause of over-indebtedness	8	32
	Financial Capability	8	35			
	Financial distress	8	30			
Freedom of choice	Theme 3: Financial Freedom to make choices to enjoy life	8	65	Theme 4: On track to meet your financial goals	7	32
	Poverty & Social Exclusion	6	36	Barrier to a Fresh Start	5	16
	Resourcefulness & Lifestyle improvements	8	29	Future Goals & Aspirations	7	16

Table 6 gives a description of the contents of this section for easy navigation through this segment of the chapter.

Table 6. Outline of the qualitative analysis section

3.4 Theme 1: Control over day-to-day, month-to-month finances
3.4.1 Advocacy and Knowledge
3.4.2 Control
3.4.3 Financial Capability
3.4.4 Financial Distress
3.4.5 Conclusion to theme one
3.5 Theme 2: Capacity to absorb a financial shock
3.5.1 The ability to manage a financial shock
3.5.2 Financial shock being a cause of over-indebtedness
3.5.3 Conclusion to theme two
3.6 Theme 3: Financial Freedom to make choices to enjoy life
3.6.1 Poverty & Social Exclusion
3.6.2 Resourcefulness & Lifestyle improvements
3.6.3 Conclusion to theme three
3.7 Theme 4: On track to meet your financial goals
3.7.1 Barrier to a fresh start
3.7.2 Future Goals and Aspirations
3.7.3 Conclusion to theme four
3.8 Conclusion to the qualitative analysis

The following sections will discuss each theme individually and give a brief introduction of what it encompasses. It will then analyse each theme utilising supporting quotations from the interview data.

3.4 Theme 1: Control over day-to-day, month-to-month finances

Control over an individual's day-to-day, or month-to-month finances, encompasses a number of factors. Individuals that "feel in control of their day-to-day financial lives" (CFPB, 2015a, p.

19) have a good level of financial well-being. To be in control, an individual needs to be capable of managing their finances, in addition to being capable of seeking advice and assistance when needed (CFPB, 2015b). In a study on the factors which underlie the subjective element of financial well-being, participants highlighted being in control of their finances as highly significant to their overall level of financial well-being (Vlaev and Elliott, 2014). Greater control of their finances resulted in a higher reported financial well-being.

Table 7 below outlines the categories relevant to theme 1 and the number of sources and text blocks in each of the categories.

Table 7. Theme 1: Control over day-to-day, month-to-month finances

Theme	Sources	Text blocks
Theme 1: Control over day-to-day, month-to-month finances.	8	130
3.4.1 Advocacy & Knowledge	8	41
3.4.2 Control	8	24
3.4.3 Financial Capability	8	35
3.4.4 Financial distress	8	30

Each category is discussed individually in the following sections, before concluding on how they have affected an individual's financial well-being since availing of the DRN.

3.4.1 Advocacy and Knowledge

In a study on alleviating financial distress, the role of financial counsellors was discussed in connection to the counsellors negotiating “with creditors on clients’ behalf”, in addition to them providing “information on the options and consequences of debt recovery procedures, bankruptcy and other alternatives” (Brackertz, 2014, p. 5). A further study discussed personal support as being one of the “essential cornerstones for helping clients to regain their footing and sustain long-term financial well-being” (Wang, 2010, p. 65). A review in Northern Ireland highlighted the importance of financial counselling services, particularly for those with low incomes who would be unable to pay for such a service (FCA, 2016). A study on the impact of debt advice argues that policy makers should look to “a greater role for debt counselling, information and advice as it is the negative emotional response to these problems that has the most deleterious effect on psychological distress and physical health” (French and

McKillop, 2017, p. 460). Barnes *et al.*, (2017) discuss the importance of getting the information and advice to people in the earlier stages of financial difficulty to prevent the severe distress that can result from over-indebtedness. The elements of advocacy and knowledge will now be analysed in the following sections.

Advocacy

In this study, participants discussed the importance of the advice and assistance they received while availing of the DRN insolvency solution:

They were the only people that ever helped me or advised me of where to go and the decisions to make...they gave me options, they gave me time to think!....They made sure you understood everything, and that's important, because my mind was confused (P8).

Some participants discussed the importance of the support structure they felt they gained by attending for financial advice. In some situations, this was the first time they had spoken to someone about their debts.

They were the only people I spoke to apart from my daughter (P8).

Not being able to say to anyone, listen, I'm in serious shit, not even my family (P1).

This is in line with other studies which reported debtors' reluctance to discuss their debt with others, due to their feelings of shame or failure (Wang, 2010; CIVIC Consulting, 2013; Kilborn *et al.*, 2013). Turunen and Hiilamo (2014) undertook a systematic review of the literature on the health effects of over-indebtedness and argue the causal link between health and indebtedness stems from an individual feeling the emotions of shame and failure. In this study only female participants mentioned not wanting to discuss their over-indebtedness with anyone.

Knowledge

In this study the participants discussed the lack of knowledge regarding the help that was available to them. Some of the participants did not have any knowledge of the DRNs.

I had no idea about it. It didn't even occur to me that somebody could make it go away (P3).

I actually didn't know about it (P7).

Participants also mentioned gaining knowledge about extra benefits or entitlements, which helped to improve their financial situation. P2, a female who is in receipt of the invalidity pension was informed of her eligibility to the winter fuel allowance.

I went straight over to the social welfare and applied for it (P2).

P3 discussed contacting the Money Advisor who initially assessed her for eligibility for the DRN. She sought advice on how the possibility of extra benefits she was applying for would affect her DRN.

I rang up MABS before I applied, to ask would it interfere with my DRN (P3).

Conclusion to advocacy and knowledge

In this study the advocacy and advice received by participants was acknowledged as being important to them. Not only for availing of the DRN, but also as a continuing support in other areas of concern. The participants in this study would not have the disposable income to pay for financial advice outside of that provided free by the state through MABS. The provision of financial counselling from services such as MABS, enables "people to regain control of their finances" (Harris, 2005, p. 17).

The knowledge of all participants was very weak before availing of assistance and applying for a DRN. It seems that once participants are made aware of all available help, and gain the appropriate knowledge, they are very willing to act on it. The lack of knowledge was across the entire range of participants in the study. This lack of knowledge is similar to that in a study undertaken on the impact of financial counselling in which the participants discussed an unawareness of the free financial advice they could receive (Brackertz, 2014). In the same study, the participants discussed the sense of control they gained through availing of the financial counselling service.

Another important factor highlighted in this study was the feeling of support gained when attending for financial advice, specifically with those who did not discuss their over-indebtedness with anyone else. This is in line with Wang (2010) who argues personal support as being essential to those in financial distress improving their circumstances. As figure 1 illustrates, this was significant concerning the female participants in the study who discussed the importance of the support and advocacy services they received when applying for the DRN through MABS.

Although the male/female participants are a 3/5 ratio in this study, figure 1 still identifies a significant difference in the references made to the 'Advocacy and Advice' received, with the female participants putting a higher value on this service and discussing it more. P8 in particular discussed the importance of this service to her and she scored the highest level of financial well-being in this study. A study which examined gender differences in financial satisfaction and financial literacy found women to be less financially satisfied compared to men (Škreblin Kirbiš, Vehovec and Galić, 2017). This literature could explain the importance of the advocacy and advice to the female participants in this study.

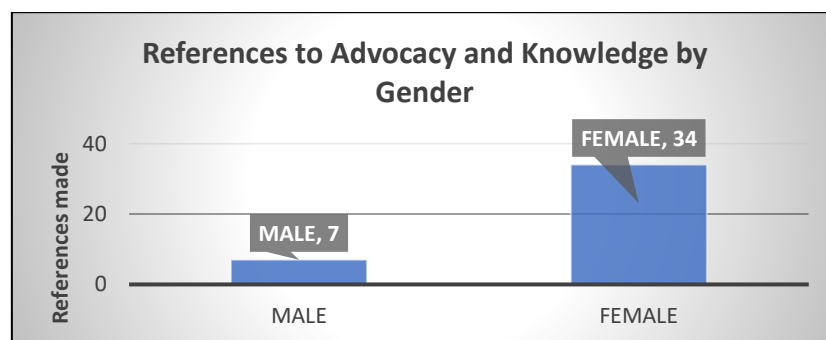


Figure 1. References to advocacy and knowledge by gender

The ability of the participants to attain the appropriate advice and advocacy supports which resulted in them obtaining a DRN has helped to enable them regain control over their day to day finances.

3.4.2 Control

Taylor *et al.*, (2011) discuss the importance of a person's ability to control their finances as a critical determinant of their subjective financial well-being, regardless of the amount of money they have. Control was an element that came to the fore in the analysis in this study, in both a positive and negative form. Firstly, the participants referred to regaining control of their day-to-day spending since availing of the DRN, with particular reference made to control over matters such as their grocery shopping.

With the shopping before I would've counted things going around and be afraid to pick up anything (P4).

The sense of control was gained firstly through making the decision to avail of the DRN, and then through improvements which occurred due to it.

I feel since the DRN anything is possible, I just have normal bills, I feel normal! (P3).

I know more now from what I learnt. I have more control over my finances (P8).

Some participants discussed a loss of control with particular financial aspects in addition to concern regarding future income they may gain. While others discussed a loss of control concerning savings they had built up over the years in the credit union.

I was always a saver. It killed me with the credit union that was 20 years of saving (P1).

Conclusion to Control

All of the participants discussed the category of control in some form. There was a large sense of regaining control from the participants being interviewed. This came through particularly strong with most of the participants discussing regaining control over their day-to-day finances. Furthermore, a number of the participants discussed feeling more in control of their overall lives since availing of the DRN which is in line with other studies (Drakeford and Sachdev, 2001; Brackertz, 2014). However, a number of participants revealed a loss of control over future income or monetary gifts they could receive.

3.4.3 Financial capability

“Financial capability can be considered an ability of applying appropriate financial knowledge and performing desirable financial behaviours to achieve financial goals and enhance financial wellbeing” (Xiao, 2016, p. 20). The concept of financial capability has been researched in a number of different ways. Kempson *et al.*, (2005) identify knowledge and understanding, skills, as well as confidence and attitudes as the three elements that determine financial capability. However, Finney (2016) builds on this research and modifies it to suit terminology more suitable to the Money Advice Service (MAS). She discusses financial well-being outcomes, financially capable behaviours and financial capability enablers and inhibitors to be the important elements that make up the concept of financial capability. The components of each element are detailed in Table 8 below. Current financial well-being entails the participants’ satisfaction with their ability to meet their financial commitments in addition to being able to meet a small unexpected expense. The longer-term security refers to having precautions in place such as life assurance and house insurance. It also refers to having adequate savings. The financially capable behaviours entail those that refer to good day-to-day financial management in addition to preparing for life events and building resilience. The financial capability enablers and inhibitors component sets out six elements which are illustrated in Table 8.

Table 8. Components of financial capability. Source, Finney (2016)

Financial wellbeing outcomes	Financially capable behaviours		Financial capability enablers and inhibitors
1. Current financial wellbeing	<i>Manages well day to day</i> ↓	<i>Manages and prepares for life events</i>	1. Saving mind-set
2. Longer-term financial security	1. Manages credit use 2. Active saver 3. Keeps track	1. Building resilience ↓ 2. Works towards goals	2. Financial numeracy 3. Internet engagement 4. Financial confidence 5. Self-controlled spending 6. Financial engagement

Financial capability is a broad concept that cannot be measured by one gauge (Xiao, 2016). It entails the behaviours and actions of an individual in addition to the importance of outside

institutions that is particularly relevant with low-income people. The availability of free or low cost financial counselling services is necessary to assist those on low income “to engage in desirable financial behaviours” (Xiao, 2016, p. 3). The elements that determine an individual’s financial capability are influenced by an individual’s personality in addition to their experience and circumstances (Kempson *et al.*, 2005).

In this study all of the participants are demonstrating efficient budgeting skills and all are making conscious financial decisions to ensure they live within their means.

I’ve learnt to live on very little. I mean I’ve learnt to really get by very very carefully. If I buy anything, maybe fuel, I have to make sure its spread. I’ve no other source of income other than my pension (P6).

Each participant was very aware of when their bills were due and most of the participants in this study used measures they felt made it easier for them to manage their bills effectively. Some used techniques such as having their rent automatically deducted from their social welfare payment. The participants also discussed availing of meters for their utilities. The use of prepayment meters demonstrates a form of careful money management in addition to being used by those with past financial difficulties (Kempson *et al.*, 2005).

Conclusion to financial capability

The participants in this study all displayed a number of behaviours that entail the concept of financial capability, one of which was effective money management skills. Each participant is actively budgeting their income to account for all expenses on a regular basis. Additionally, all of the participants were proactive in seeking financial advice that enabled them to tackle their over-indebtedness, albeit some took longer than others. Once the participants gained the necessary knowledge, they acted on this information and availed of the DRN remedy. This is in line with Xiao (2016) who argues that availing of free or low cost financial counselling can help low-income individuals to engage in better financial behaviour.

Kempson *et al.*, (2005) discuss planning ahead to cope with unexpected expenses as being an important concept of financial capability. Planning ahead is also a concept discussed by Finney

(2016) in her proposal of the behavioural element of financial capability, although she refers to it as 'building resilience'. In this study the participants were not capable of building resilience as they did not have sufficient disposable income to enable them to do so. The only participant actively saving was P5. Therefore, although the participants are currently demonstrating good money management skills, they are not building resilience for future unexpected events that may occur. This is in line with other studies "where people scored more highly on current financial wellbeing than longer-term financial security, and they scored more highly on their saving mind-set than their active saving or building resilience behaviours" (Finney, 2016, p. 12).

3.4.4 Financial distress

Financial distress has been shown to effect health and the health issues can manifest in a number of ways. French and McKillop (2017) discuss the size of the debt or the quantity of lenders not affecting health so much. However, the subjective experience of an individual feeling financially distressed has a significant relationship with health. A number of studies have shown that personal debt is a strong predictor of general psychological distress, mental disorders and depression (Bridges and Disney, 2010; Selenko and Batinic, 2011; Meltzer *et al.*, 2013; Sweet *et al.*, 2013). Furthermore, Bridges and Disney (2010) report that women are more likely to report depressive symptoms than men in regard to debt. Other studies have demonstrated that an individual's reaction to financial distress can be person specific and suggested that "households prone to stress and depression respond quite differently to given household financial circumstances than those that are less prone" (Bridges and Disney, 2010, p. 389). Financial distress has also been shown to impact individuals even after the problem debt has been removed. Buckwalter (2016) found that individuals suffer from post-traumatic stress disorder (PTSD)-like symptoms from stress induced by their financial problems.

As already outlined, the female participants in this study have a lower level of financial well-being in general than the men. The selection of participants in this study who attained a low financial well-being/high financial distress score were all women. This is in line with Hira and Mugenda (2000) who found that women were less satisfied than men with their competence in dealing with financial difficulties and meeting long-term goals.

Most participants in this study displayed evidence of financial distress before availing of the DRN.

The health is an issue, it has improved. I suffered with irritable bowel and that's stress related (P4).

P1, P2, and P8 discussed the removal of stress caused from the persistent contact by creditors before they went through the DRN process.

I'm more relaxed. I'm not worried about everything that comes in the door (P2).

The stress is gone and the worry. You're not afraid of the phone now, I use to be afraid of the phone, and the post, and that fear is gone now (P8).

Participants are now more active due to the removal of financial distress. P1 has lost seven stone and no longer drinks alcohol. This participant suffered considerable financial distress on top of other concerns and turned to alcohol as a coping mechanism. P5 did not leave his house unless he had to before availing of the DRN. This is in line with other studies that found those experiencing financial distress have worse diets, sedentary behaviour, and an increase in intake of alcohol and drugs (Nelson *et al.*, 2008).

I was just sitting; I wasn't doing anything, only if I had to go out would I go out the door (P5).

Although all of the participants discussed some level of financial distress before availing of the DRN, several participants are still experiencing this now. P4 discussed a lingering anxiety since availing of the DRN.

I'm still getting used to coping with the DRN; I keep expecting something to come at me (P4).

P5 still remains anxious about spending money and appears to be fearful of returning to a situation of over-indebtedness. He now refuses to spend money, instead saving everything he has.

All of that is still in my head, which is why I still don't do anything. Ye know don't do that, don't waste money on this. It's stupid I should be more sociable, but I'm stuck on that mode a little bit (P5).

P7 was the only participant to not focus much on the stress of the over-indebtedness situation. However, he discussed being on blood pressure tablets and that maybe the effects of the debts could have caused this. This is in line with the literature which has demonstrated that financial distress can lead to the development of health problems such as high blood pressure (Sweet *et al.*, 2013; Krumer-Nevo *et al.*, 2017).

Conclusion to financial distress

All participants in this study except P7 discussed the effects of financial distress they experienced. Selenko and Batinic (2011) found the effect of perceived financial stress could be moderated by self-efficacy beliefs. Financial self-efficacy is the “self-perceived ability to deal with financial matters” (Škreblin Kirbiš *et al.*, 2017, p. 168). Bridges and Disney (2010) suggest that a person's self-reported well-being and financial circumstances are a “person specific effect”. The results in this study allude to the participant's perception of their ability to cope with their debts being a determinant in how stressed they become.

All participants reported an improvement in their health since availing of the DRN. This is clearly in line with other research which recognised the effects debt has on health (Richardson *et al.*, 2013; Sweet *et al.*, 2013; French and McKillop, 2017). The results of this study are alluding to the fact that the participants' financial distress decreases due to obtaining a DRN and as a result their health improves, which in turn improves their perceived financial well-being. This corresponds with Norvilitis *et al.*, (2003) whose results demonstrate a link between perceived financial well-being and debt-to-income ratio.

3.4.5 Conclusion to theme 1: Control over day-to-day finances

In this study there were four categories which derived from the data analysis that alluded to theme 1; Advocacy and Knowledge, Control, Financial capability and Financial distress. Figure 2 sets out the colour code applied to the conclusion diagrams in each of the theme conclusions going forward. This gives a description as to whether there was an improvement or not in the participant's financial well-being after availing of the DRN. Those elements that noted an improvement were coloured green. Where there was only some improvement they were coloured amber, and where no improvement was noted they were coloured red.



Figure 2. Description of financial well-being improvements

Most of the topics in theme 1 saw improvement, which helped to increase the participants' financial well-being after availing of the DRN. With some elements though, it cannot be said that the increase is due to the DRN alone, for example, the element of 'Advocacy and Knowledge'. This element brought improvement, but this was not solely down to availing of the DRN but gained also through availing of the financial advice when seeking assistance with their debt. Furthermore, the support obtained helped to increase the participants' confidence and ensure they availed of advice at the initial onset of any financial difficulties in the future. This is an important point as it has been recognised in other studies, in addition to this study, that individuals often only seek advice at a very late stage and the "low levels of knowledge about the advice services that exist and the different services they offer mean that people in debt usually select an advice provider arbitrarily" (Collard, 2013, p. i).

In this study the participants gained more control over their day-to-day finances, which improved their perceived financial well-being. The category of financial distress also introduced an increase in the financial well-being of the participants who availed of the DRN. The participants saw an improvement in their health, both mental and physical, after availing

of the DRN. However, the element of financial capability saw no improvement from the DRN. Until an increase in income is achieved, the participants in this study are unable to build up any form of savings to cope with future life events. Figure 3 illustrates if improvements were realised in each of the categories from availing of the DRN. Three were colour coded green, while one, which saw no improvement, was colour coded red.



Figure 3. Theme 1: Control over day-to-day, month-to-month finances conclusion

3.5 Theme 2: Capacity to absorb a financial shock

In the development of the financial well-being definition by CFPB (2015a), the ability to deal with a financial shock was identified as one of the central elements of financial well-being. Financial shocks are described as those that are “unforeseen and difficult to anticipate” (Disney *et al.*, 2008, p. 30). Russell *et al.*, (2011) discuss income shocks as being a trigger to over-indebtedness and that households without savings were pushed into over-indebtedness due to these shocks. “A shock to one domain of our well-being may have an impact on another domain. For example, loss of a job and income can affect our relationships and health” (Johnston, 2009, p. 145). Garman *et al.* (2007) argue that if a person does not have access to emergency savings then this can lead to them running up considerable consumer debt. Also important in this element is having family or friends that could assist if an emergency did arise. All of these factors encompass an individual’s ability to absorb an unexpected financial shock. Table 9 displays the categories that are relevant to theme 2 in this study.

Table 9. Theme 2: Capacity to absorb a financial shock

Theme	Sources	Text blocks
Theme 2: Capacity to absorb a financial shock	8	72
3.5.1 The ability to manage a financial shock	8	40
3.5.2 Financial shock being a cause of over-indebtedness	8	32

The capacity to absorb a financial shock is now analysed further in section 3.5.1, and section 3.5.2.

3.5.1 The ability to manage a financial shock

In the quantitative study, question five asked the participants how confident they would be in raising €1,000 for a financial emergency. P5 was the only participant who stated he would have some confidence in managing this expense.

I kind of keep saving to have it there. I'm conscious now I'll keep saving and putting a few bob; to have it....I am always trying to put something away each week. That's why I don't spend money on those things that I should. I don't do social, I don't go out (P5).

When the participants were asked if they saved, most said if they did, it was just for short-term events. However, the participants did mention a desire to save so as to manage any unforeseen financial shocks in the future, but a lack of disposable income was preventing them in doing so.

That kind of money wouldn't be there to save now. It's just that you balance the money out better now (P8).

When the participants were asked about family or friends they could go to for help, the answers varied, with some participants saying they would be reluctant to ask for help.

No, and I would be the type that even if I did I wouldn't ask (P1).

I'm sure my boys would help me out as much as they could but I'd hate to ask them (P2).

All of these participants were female of varying ages. Although P1, P2 and P8 discussed not wishing to ask family and friends for help, they did mention how they would attend a financial counsellor instead to assist with any financial problems they may have in the future and advised others to do the same.

I would advise anybody to go to MABS, you need to talk to someone. If anyone ever told me or asked me anything I would direct them to MABS (P8).

3.5.2 Financial shock being a cause of over-indebtedness

When the participants were asked how they ended up in a situation of over-indebtedness, all participants except P4 and P5 discussed it being a financial shock that led to their over-indebtedness. This is in line with Russell *et al.*, (2011) who declare income shocks as a trigger to over-indebtedness. P1, P3, and P7 all unexpectedly lost their jobs. This is in line with Stamp (2009), who concludes that debt problems experienced are mainly as a consequence of things that happen to people rather than things they have done.

I lost my job, it wasn't that it was a gradual thing, it was a very instant thing, it was instant and I just couldn't cope with it (P1).

I had a stroke. I went from working 35/40 hours a week at €10 an hour and when I had the stroke I went down to €180 (P2).

3.5.3 Conclusion to theme 2: Capacity to absorb a financial shock

Most of the participants in this study suffered a financial shock that resulted in them moving to a situation of over-indebtedness. This conclusion corresponds to that discussed by other authors who refer to it as 'passive' over-indebtedness (Banque de France, 2005; Gloukoviezoff, 2006). "Active over-indebtedness, which is explained by excess borrowing without any change in resources; passive over-indebtedness, which is a result of an unforeseen change in the level of resources and/or expenditure due to an "accident" of life (unemployment, separation, illness etc.)" (Gloukoviezoff, 2006, p. 221).

In spite of this, even now after availing of the DRN the participants in this study are still not in a position where they could cope with a financial shock of €1,000, apart from P5. Although the DRN has removed the financial distress caused by the over-indebtedness, the participants are still in a vulnerable position where they are unable to deal with any form of future financial shocks which may occur. This corresponds with O'Neill, Prawitz, *et al.*, (2006) who reported individuals on debt management programs were still experiencing financial difficulty for some time after commencing the program. However, in the study by O'Neill, Prawitz, *et al.*, (2006) the individuals were in a program to pay off their debts over a period of time, whereas the participants in this study had their debts removed in full. With this in mind, you would expect the participants in this study to be in a better financial position than those in the study by O'Neill, Prawitz, *et al.*, (2006). The idea behind the insolvency solutions is to "enable insolvent debtors to resolve their indebtedness (including by determining that debts stand discharged in certain circumstances) in an orderly and rational manner without recourse to bankruptcy, and to thereby facilitate the active participation of such persons in economic activity in the state" (Office of the Attorney General, 2012, p. 13). However, if participants are still experiencing financial difficulty, 'active participation in economic activity' will not be possible.

Of further interest in this study is the difference between the genders in referencing their capacity to deal with a financial shock in the semi-structured interviews. When analysed more closely all three male participants discussed either having a friend or savings they could fall back on in a financial emergency. Whereas, only one female participant discussed having a family member she could go to in a financial crisis. There is a possibility that this was a contributing factor to the financial distress they experienced before availing of the DRN.

The underlying question to be answered was whether the DRN was effective in increasing the participant's financial well-being. As the participants are still not able to manage a financial shock since availing of the DRN, the DRN has not been effective in this element. The second part of this analysis that discusses a financial shock being a cause of over-indebtedness is not relevant to the participants' financial well-being going forward. This discussion refers to the past only and the situation which resulted in the participants' being over-indebted.

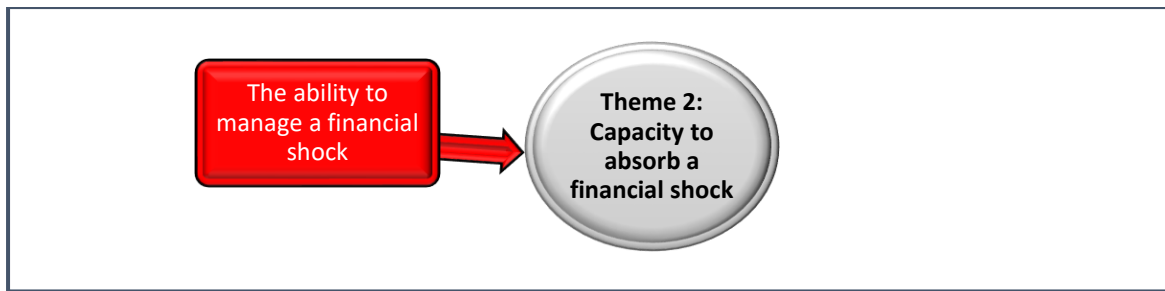


Figure 4. Theme 2: Capacity to absorb a financial shock conclusion

3.6 Theme 3: Financial freedom to make choices to enjoy life

According to CFPB (2015a) financial well-being entails an individual's perception that they can enjoy "wants" such as being able to go out for dinner or a movie, or the ability to be able to buy presents for, and be generous towards those important to them, such as family and friends. There are a number of different ideas this could entail but because each person values things differently it is not a concept which can be measured objectively, "it is these deeply personal preferences and aspirations that give meaning and purpose to the often challenging day-to-day financial decisions and trade-offs we all must make to achieve it" (CFPB, 2015a, p. 20). Table 10 sets out the categories which were developed in the qualitative data analysis that are relevant to theme 3 in this study.

Table 10. Theme 3: Financial freedom to make choices to enjoy life

Theme	Sources	Text blocks
Theme 3: Financial Freedom to make choices to enjoy life	8	65
3.6.1 Poverty & Social Exclusion	6	36
3.6.2 Resourcefulness & Lifestyle improvements	8	29

Question six in the quantitative study asked participants about their inability to go out and do something they enjoy due to a lack of available finances. P1, P2, P3 and P5 all answered 'All the time' to this question. Over-indebtedness can be a cause of poverty and deprivation due to an individual's money being used to pay off debts (Russell *et al.*, 2011). However, this is not the case in this study as the individuals have had their debts removed by the DRN. Additionally, "to be considered deprived the household must indicate that they lack the item

because they cannot afford it and not because of choice” (Russell *et al.*, 2011, p. 134). Most of the participants in this study do not have the disposable income to enjoy social aspects of life, neither do they have the means to save. These participants would be classed as deprived as they unwillingly go without.

The financial freedom to make choices to enjoy life is now analysed further in section 3.6.1 and section 3.6.2 below.

3.6.1 Poverty & Social Exclusion

P5 mentioned being restricted in what he could purchase before obtaining a DRN.

I wouldn't be eating meat unless it was that stuff they do be selling off for the cheaper price (P5).

The lack of meat was highlighted in a study by Douglas *et al.*, (2015) as something that was most missed by those struggling with food poverty and availing of food banks. Although there have been improvements for some since obtaining the DRN, there is still evidence of poverty and social exclusion. For example, the inability of some participants to buy presents for family.

Other than the grandkids at Christmas, my own kids...forget about it. I've even cancelled the phone and the broadband and I just have the TV (P2).

If anything is going on, they don't even ask me now because they know the situation. But then it feels like I'm excluded from a lot of stuff, it's like I'm excluded from society nearly. They're still whipping me with a DRN stick...nobody ever gets a present off me now (P1).

P1 also demonstrated deprivation in the qualitative interview and discussed going without necessities.

I need a back door, I need a new kitchen door, I've no cooker, and these are all big things. I've no blinds, I broke my blinds. And then there's things that need to be replaced as well (P1).

Although the participants in this study have all had their over-indebtedness removed, most still appear to be in a situation of poverty and social exclusion. This is particularly so with P1, P2, P3 and P4. All of these participants are female and all except P4 scored a low level of financial well-being in the quantitative survey. Furthermore, some participants such as P1 are exhibiting deprivation. The Central Statistics Office (CSO) identifies deprivation by 11 indicators, three of which are: “being unable to afford to replace any worn out furniture, unable to afford to have family or friends for a drink or meal once a month and unable to afford to buy presents for family or friends at least once a year” (CSO, 2017, p. 18). P1 is experiencing all three of these indicators. It is clear the DRN is not effective in improving this element of financial well-being.

3.6.2 Resourcefulness & Lifestyle Improvements

Resourcefulness was a theme recognised by Douglas *et al.*, (2015) in those dealing with poverty using food banks. The author discussed the budgetary practices of indebted households and how they had considerable skills and numerous strategies for managing the family income. Kennett (1994) cites Rosenbaum (1990) and his belief that resourcefulness is a learned behaviour and that people learn this skill throughout life starting in childhood. Kennett (1994) argues that those who are resourceful are better able to deal with challenging situations in life.

Some of the participants in this study have demonstrated resourcefulness to combat the lack of disposable income such as making their money go further with utility costs and shopping.

And the fuel, I try not to put it on during the day, I'd put on my hat (P5).

Getting my shopping now I use the vouchers (P4).

While the participants made references to poverty and social exclusion in the interviews, they also demonstrated resourcefulness to overcome obstacles to them enjoying life, in addition to discussing various lifestyle improvements since the DRN.

I do everything that's free. I go walking, since the DRN I've lost 7 stone. I write, I do art... charity shops are amazing, down to things like replacing chairs and rugs (P1).

I started doing a workout for beginners, because I was just sitting, I wasn't doing anything, and only if I had to go out would I go out the door. Now each morning I get up and do it, and that would be followed up by going for a walk afterwards. The head is in a better place (P5).

In addition to being resourceful in finding affordable ways they can enjoy life more, participants discussed various lifestyle improvements since availing of the DRN.

Well I can spend more, I can buy proper food (P5).

I feel like anything is possible, I feel normal. I'll just have normal bills like TV, electricity, that sort of stuff (P3).

It's not going on bills the whole time. I would spend a bit more on social activities (P7).

P7 discussed an important element of financial well-being, the ability to make choices. He is currently putting money by each week to get the Saorview TV system installed.

It's a one off payment of €250, now that I wouldn't have been able to do if I had not been on the DRN. But now I can make plans to do that. That's where the DRN made a bit of a difference as well (P7).

Conclusion to Resourcefulness & Lifestyle improvements

It appears since availing of the DRN some participants have created different outlets to become more active participants in society. They did not commence these activities until after availing of the DRN. Therefore, this would allude to the DRN being the reason behind these lifestyle improvements. This change in behaviour can be explained by the effects financial distress can have on an individual. Financial distress "affects the individuals over-all functioning" (Krumer-Nevo *et al.*, 2017, p. 5). This would explain the participant's inability to be resourceful while in a state of over-indebtedness. However, due to the removal of financial

distress by the DRN, the participants appeared more capable of being resourceful to find ways to enjoy life more.

3.6.3 Conclusion to theme 3: Financial freedom to make choices to enjoy life

The removal of the financial distress from the participants meant they were capable of achieving lifestyle improvements and becoming more resourceful to enable them to enjoy life more. However, in this study, although the participants had their debts removed, they are still in a position of poverty and most are experiencing social exclusion. This could be addressed through the participants being able to benefit from an increase in income, which will be discussed further in section 3.7. However, as it stands, the DRN does not remove the participants from the poverty and social exclusion being experienced.



Figure 5. Theme 3: Financial freedom to make choices to enjoy life conclusion

3.7 Theme 4: On track to meet your financial goals

Research has shown that people are more likely to save if they have particular goals set or reasons to save (Money Advice Service, 2015). A person's confidence in their ability to reach their goals is associated with higher financial well-being (CFPB, 2017). Ajzerle *et al.*, (2013) found that those who set financial goals had higher levels of financial capability and that higher financial capability leads to more efficient use of personal debt. Although the participants in this study are not currently availing of personal debt, at some point in the future they may need to. Availing of credit is part of everyday life. In most circumstances debt is managed well and is used by those who wish to buy items that they would otherwise be unable to afford (Patel, Balmer and Pleasence, 2012).

Table 11 sets out the categories in the analysis of the qualitative interviews that relate to theme 4 in this study.

Table 11. Theme 4: On track to meet your financial goals

Theme	Sources	Text blocks
Theme 4: On track to meet your financial goals	7	32
3.7.1 Barrier to a Fresh Start	5	16
3.7.2 Future Goals & Aspirations	7	16

Theme 4 will now be analysed in sections 3.7.1 and 3.7.2 below.

3.7.1 Barrier to a fresh start

The participants in this study discussed barriers they felt they faced when trying to move forward since the DRN was processed.

It's like I'm stuck. I can't move on until this is finished....it shouldn't be this length of time, three years, that's too long, I want to move on. I don't want to be stuck and be reminded of the most shittiest time of my life (P1).

I kind of partly wish though that it wasn't for three years, I just wish it was over and done with (P5).

Participants also discussed postponing commencing employment due to the worry of how this might affect the DRN.

I'm getting to the stage where I'm kind of going can I hang off. I found during the first year I was saying ok I can't get a job because of it (the DRN) but then for sanity's sake and for the sake of actually having a life (P1).

Concern was also raised in this study regarding access to future credit and whether the DRN would be a barrier to this.

By law I have to tell them that I'm under a DRN. So it would be up to them then to decide if they wanted to give me a loan or not. I don't know if they can actually turn

me down on the basis that I'm under a DRN but I'll cross that bridge when I come to it (P7).

I don't know what way it's going to work. I know that financial institutions aren't supposed to look badly on you because of the DRN but I've been told they can't guarantee that. I don't know what way it's going to work. Now the last thing I want to do is get another debt! (P3).

Conclusion to barriers to a fresh start

A number of participants discussed what they felt were barriers to a fresh start since availing of the DRN. Due to the barriers being experienced, some participants are remaining in a state of poverty and social exclusion. Melford *et al.*, (2017) discussed an individual's confidence in reaching their goals being linked to a higher financial well-being. P1 had the lowest financial well-being score in this study, but this appears to be linked to her inability to reach her financial goals of gaining employment and building up savings. There also appears to be concern regarding access to credit in the future from some of the participants in the study. It is too early to say whether this will be a problem for the participants. However, the topic of financial exclusion is an area that will require examination at some stage for the prevalence of this with individuals who have availed of one of the insolvency solutions.

3.7.2 Future Goals and Aspirations

As already discussed in 3.7.1, P1 aspires to gain employment. The other participants gave varied answers when asked about any future goals or aspirations they have.

I just want to be free of that particular debt that I have, which is probably what I will be (P7).

So if I get a grade 5 my money would go up...that would give me more opportunity to buy my own place (P3).

Conclusion to Future Goals and Aspirations

There appears to be a link between the participants stress and their inability to reach goals and aspirations. For example, P1 wishes to obtain employment but she perceives the DRN to be a barrier to this. It is likely that if P1 gains employment her self-perceived financial well-being will improve. And yet, if she does gain an increase in income over €400 net per month, she will have to hand over half of this amount to the ISI for payment towards her debts. “You must inform the ISI where your monthly net income increases by €400 or more, or you receive a gift or sum of money of €500 or more. In both cases 50% must be surrendered to the ISI for the benefit of your creditors” (ISI, 2018, p. 11).

P4, a single woman with one dependent child also discussed wanting to gain employment but was concerned how this would work out. Figure 6 Calculation of extra income for P4 if in employment demonstrates P4 would gain an extra €159.00 per month if she were to take on part-time employment. The figure for ‘remaining income’ in Calculation A is the remaining amount after the deduction of the extra expenses such as rent and childcare, in addition to the creditor payments she will have to pay due to earning extra income in excess of €400 net per month. As it is only the extra income received which is re-assessed and not the RLEs, any additional expenses which arise due to commencing employment are not considered by the ISI.

Calculation A: Current legislation with RLE not recalculated			Calculation B: P4 financial position if RLE was recalculated		
P4	Current position	Working with minimum wage	P4	Current position	Working with minimum wage
Income (Note 1)	€ 1,027.00	€ 1,695.00	Income (Note 1)	€ 1,027.00	€ 1,695.00
Less:			Less:		
Rent (Note 2)	-€ 154.00	-€ 254.00	Rent (Note 2)	-€ 154.00	-€ 254.00
Creditor payments (Note 3)		-€ 334.00	creditor payments (Note 5)		€ -
Childcare (Note 4)		-€ 75.00	Childcare (Note 4)		-€ 75.00
Remaining income after expenses	€ 873.00	€ 1,032.00	Remaining income after expenses	€ 873.00	€ 1,366.00
Extra income if P4 commences work - RLE's not re-assessed (1032-873)	€ 159.00 Monthly	€ 36.69 Weekly	Extra income if P4 commences work and the RLE's are re-assessed (1366-873)	€ 493.00 Monthly	€ 113.77 Weekly

Figure 6. Calculation of extra income for P4 if in employment³

Note 1: The current position for income includes jobseekers transitional payment with the child increase. The income for working with minimum wage is the estimated income from part-time employment on minimum wage after any required deductions, inclusive of reduced means tested jobseekers transitional payment.

Note 2: The rent increase is based on Dublin City Council rent assessment method of 15% of income.

Note 3: Calculated as the increase in income (€1,027 to €1,695) €668.00 * 50% = €334.00

Note 4: Childcare is the average subsidised childcare cost in a community creche the participant would have to pay for a twelve-month period spread over monthly payments. It is envisaged the cost with a private/unsubsidised childcare provider would be more expensive. If this was the case, then the remaining income stated for P4 if she commenced employment on the minimum wage would be substantially lower due to the costly childcare charge.

³ P4's new income details is inclusive of wages from part-time employment in addition to means tested Jobseekers Transitional Payment. This calculation is specifically in relation to the DRN, it is not an income maximisation calculation. It is solely assessing the changes in income in relation to the DRN.

Note 5: As calculated in *Note 3*, the increase in income amounts to €668.00 per month. Subtract the additional expenses such as the rent increase and the childcare cost and P4's remaining income is €1,366.00, which is below the RLE for her circumstances. This denotes that P4 would not have to pay anything to her creditors, as her income is below the RLE applicable to her⁴.

It is apparent from the example for P4 in Calculation A that taking up employment is not a great improvement to her current financial circumstances. However, a second calculation is provided in Calculation B, which demonstrates what this participant would gain if the RLEs were recalculated, as is the process in England under a similar insolvency policy. As can be seen in Calculation B, the extra childcare costs and rent increase are included in P4's RLEs and as a result, this participant would not have to make any payments to her creditors. In this situation, the participant benefits much more from commencing employment due to the extra income she would receive. There is a significant difference between 'Calculation A' and 'Calculation B' results for P4. With the legislation as it currently stands, P4 would only earn an extra €36.69 per week more than what she currently receives. This would obviously act as a deterrent to those wishing to gain employment. However, if the RLEs were recalculated in addition to the increase in income, then she would earn an extra €113.77 per week.

A deterrent to individuals taking up employment can lead to a cycle of staying in the social welfare system and possibly being at risk of falling into over-indebtedness again. However, if the RLEs were recalculated as shown in Calculation B, this would be more of an incentive for the participants to return to work and to reach their financial goals.

3.7.3 Conclusion to Theme 4: On track to meet your financial goals

Theme 4 in this study entails the categories 'barrier to a fresh start' and 'future goals and aspirations' which emerged from the qualitative data analysis. In England, the equivalent

⁴ An approximate guide of the reasonable living expenses can be calculated at <https://backontrack.ie/rle-calculator/>. However, an AI or PIP can go through an individual's information in more detail to assist with the correct RLE calculation.

policy approach to the DRN is the Debt Relief Order (DRO). If an individual gains an increase in income while in the DRO process, they are required to revisit the approved intermediary⁵ to complete an income and expenditure assessment. If after this re-assessment of their income and expenditure the debtor's disposable income remains below the set parameter of £50, the DRO will continue as is. However, if the disposable income exceeds £50 then the DRO may be revoked and the debtor becomes responsible for their liabilities that were part of the initial DRO⁶. This emerges as a fairer method to that currently applied in Ireland for the DRN, as it takes account of the participant's increased expenses and not just their increased income. This approach to the assessment of any increase in income would alleviate the barriers currently being imposed on debtors such as P4.

It is evident from the analysis that the DRN policy acts as a barrier to individuals gaining employment, which in turn prevents them from reaching their future goals and aspirations. The way the policy is currently structured actually decreases the participant's financial well-being.

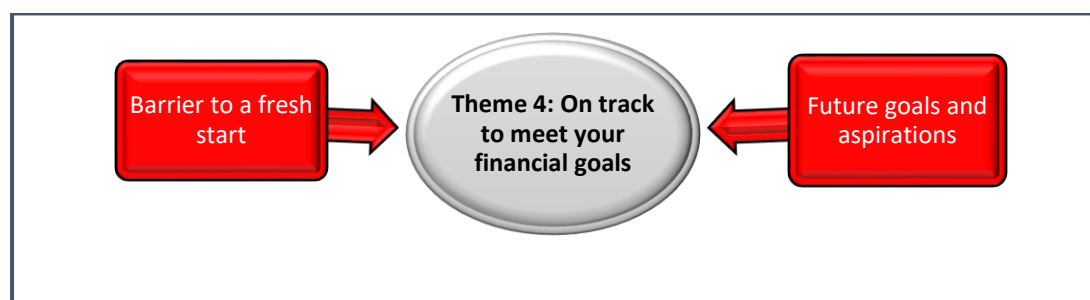


Figure 7. Theme 4: On track to meet your financial goals conclusion

3.8 Conclusion to the qualitative analysis

The qualitative analysis examined the effectiveness of the DRN in addressing the financial well-being of the participants in this study. Of interest in the qualitative study was the participants' newfound resourcefulness when the financial distress was removed. This

⁵ You can only apply for a DRO through an 'approved intermediary'

⁶ Source - Debt Relief Order Team Manager | DRO Team | The Insolvency Service

resourcefulness did not emerge for the participants until after the DRN was processed. Figure 8 below illustrates the negative correlation between some of the categories that emerged in this study. When the participant's financial distress reduced, they achieved improvements in their health, in addition to an increase in resourcefulness and lifestyle improvements. Positive correlations were also identified in the analysis of the qualitative data. When participants gained the relevant knowledge and advocacy supports, this in turn helped them to regain control of their day-to-day finances.



Figure 8. Negative correlations between elements in the themes

Each theme in the study was analysed to assess the effectiveness of the DRN in that area for increasing the participant's financial well-being. Most of the categories from themes 1 and 3 showed improvement in the participant's financial well-being through availing of the DRN. Both of these themes relate to the 'Present' element of the Four Elements of Financial Well-being definition utilised in this study. This indicates that the DRN is effective in improving an individual's financial well-being in the present by giving them more control of their day-to-day finances in addition to the freedom to make choices in their spending to enjoy life more. Despite the over-all improvements in the present situation, there were elements from both of these themes that were not effective in improving the financial well-being of the participants. Therefore, these themes were colour-coded amber to represent this fact in figure 9.

Both theme 2 and theme 4 were not effective in improving the participant's financial well-being. These themes relate to the 'Future' element of the financial well-being framework. This reveals the DRN is not effective in addressing the future elements required to improve an individual's financial well-being. The capacity to absorb a financial shock is not an element

that can solely be addressed by the DRN for those participants who will be in receipt of social welfare payments for the foreseeable future. The participants with the opportunity to gain employment have a better chance of improving their financial position to enable them to save and build resilience for any future financial shocks. However, the DRN appears to be a barrier to the participants gaining employment to increase their income and meet their future financial goals and aspirations. Theme 4 clearly emerges as being ineffective in improving the financial well-being of over-indebted individuals. In fact, the DRN appears more as a barrier to individuals meeting their financial goals, one that could only be addressed through policy change to remove the barriers faced by those wishing to gain employment. Figure 9 illustrates the effectiveness of each theme discussed through sections 3.4 to 3.7.

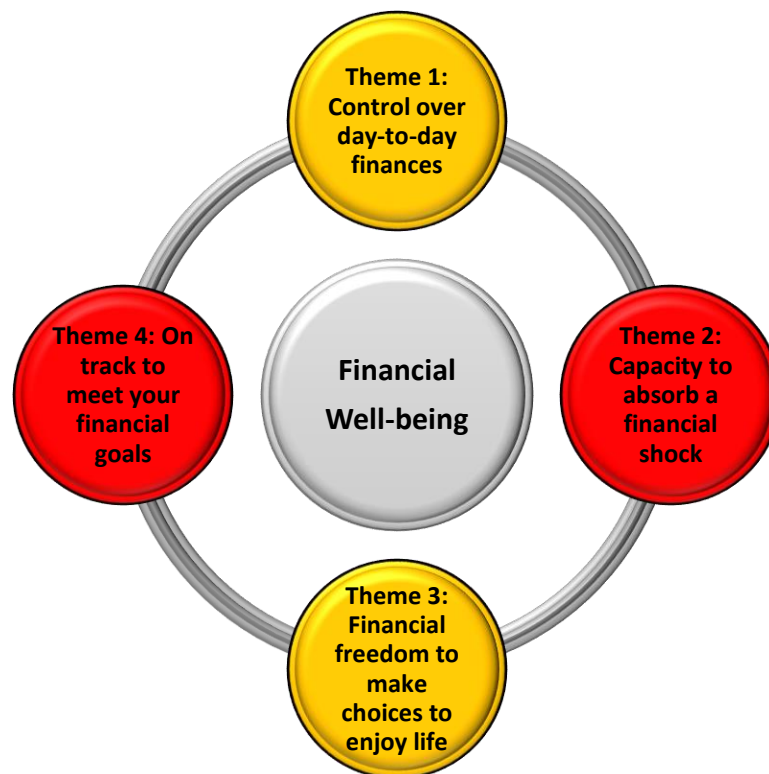


Figure 9. Financial well-being

3.9 Conclusion to the examination on the effectiveness of the DRN

This study examined the effectiveness of the DRN in addressing the financial distress/financial well-being of the participants. The quantitative study provided an initial insight to the participants' financial well-being. The participants who discussed dissatisfaction with their current income in the qualitative study are those who scored a low financial well-being in the quantitative study. This is particularly relevant for some participants who wish to commence employment and increase their income.

It is clear from the analysis the DRN is effective in improving particular aspects of the participants' lives, which consequently facilitates improvement in their financial well-being. The removal of the over-indebtedness has helped to improve the participants' health, both mentally and physically. Furthermore, it enabled the participants to regain control of their day-to-day finances, which has enabled them to make choices to further improve their well-being. However, it is falling short in important areas. Firstly, the barrier being experienced by participants to obtaining employment is acting as a barrier to them improving their financial well-being. It is also hindering the possibility of them achieving an increase in income that could enable them to save and build resilience for unexpected future life events. In addition to preventing them increasing their disposable income, it is also acting as a barrier to social mobility.

As already discussed, if an individual availing of a DRO in England has an increase in their income then their total income and expenditure is re-examined before any payment to creditors is considered. This is not the case with the DRN policy, as in this case all increases in income are considered without taking account of any simultaneous increase in expenses. The punitive approach in Ireland towards those availing of the DRN policy is highlighted even further when it is compared to the Debt Settlement Arrangement (DSA). The DSA is one of the personal insolvency remedies introduced with the Personal Insolvency Act 2012. The DSA is different to the DRN in that it is meant for individuals who have available income plus assets, and they are in a position to pay something towards their debts. These circumstances are the complete opposite to those in destitute positions who avail of the DRN. However, in the case of the individuals who avail of the DSA, they have the benefit of availing of a more humane

approach similar to that given in England. If an individual who has availed of a DSA gains an increase in income, they have the increase in income *in addition to the increase in expenses* assessed to see if they are required to make any extra payment to their creditors. Additionally, if the same individual experiences a decrease in income they can be re-assessed to have the payments to their creditors reduced in line with the reduction in their income. This information is for illustrative purposes only, as the DSA is beyond the scope of this study. However, this material reveals that in addition to implementing a punitive policy approach with the DRN, there is also a clear disparity between the treatments of the over-indebted from different social classes in Ireland. This prevents social mobility of the participants to move up in the classes and out of economic difficulty.

The findings in this study portray a policy which technically is working but at the same time it does not enable financial capability and is keeping some of the participants in a position of poverty. Some of the findings in this study are similar to those found in Stamp (2009). He examined the impact of the initial policy response to over-indebtedness in Ireland, namely MABS. Stamp (2009, p. i) concluded that debt problems are triggered “by things that happen to people rather than things that are done by people” and even though the MABS model makes an impact assisting people to manage their debts and poverty, it does not enable them “to become financially independent in the long term”. The following chapter will discuss the findings in this study and set out recommendations based on these findings.

4 Novel findings and contributions

This research is the first empirical study which has been undertaken to examine the policy approach to over-indebtedness since the introduction of the Personal Insolvency Act 2012. The researcher envisages this study to be of assistance to policy makers in addressing any failings or inadequacies in the current policy approach. It is also envisioned that this research would be of interest to other organisations involved in the areas of over-indebtedness and poverty, for example, MABS and SVP. Additionally, the Office of Social Inclusion (OSI), who are responsible for the National Action Plan against Poverty and Social Exclusion (NAP/Inclusion) is an arm of government to which the results of this study might be of interest⁷. They specialise in developing strategies to eradicate poverty and social exclusion, a situation that many of the participants in this study are experiencing.

This research revealed a number of novel findings. Firstly, although the participants in this study discussed a strong sense of regaining control, in line with Taylor *et al.*, (2011), they also revealed a loss of control over other areas of their finances, particularly with reference to savings and any future increases in income they may receive.

Secondly, the participants in this study are still not capable of dealing with any form of financial shock, even after availing of the DRN. Only one participant stated he could deal with a small financial shock of €1,000 or less but none are in a position to deal with a financial shock greater than €1,000. This is worrying, particularly as a financial shock was the cause for most of the participants in this study falling into over-indebtedness in the first place. Until the participants have an increase in disposable income to enable them to save and build resilience, this finding will remain as is.

⁷ The Social Inclusion Division supports the Minister and Government in developing and implementing Government strategies for preventing, reducing and ultimately eliminating poverty and social exclusion and in promoting greater social inclusion and social cohesion in collaboration with other stakeholders, including in particular people experiencing poverty.

Thirdly, the DRN has not improved the poverty and social exclusion being experienced by some of the participants in this study. The participants still do not have adequate disposable income to enable them to partake in social events and some are also displaying signs of deprivation. This was evident with the inability of some participants to replace broken household items or worn out furniture. Considering these participants have had all of their debts removed, this finding is a cause for concern.

Fourthly, this study has found that the DRN is acting as a barrier to some of the participants taking up employment. This is another worrying finding as the longer the participants are out of the workforce, the more challenging they will find it to re-integrate back into it.

All of the findings discussed so far appear to be a consequence of the punitive approach to the DRN policy. It seems evident that if the limits surrounding the increases in future income were less restrictive, then most of the participants could improve their financial circumstances and therefore improve their financial well-being.

The final finding revealed that the participants in this study became more resourceful in finding ways to enjoy life more and obtain an improved lifestyle. This resourcefulness did not appear until after they availed of the DRN and the financial distress from the over-indebtedness was removed.

Also observed as being important in this study, are the methods used to gather the primary data. Although the quantitative study provided an initial evaluation of the participants' present state of perceived financial well-being, the qualitative study provided further insight into the results of the quantitative study. This is important as it highlighted issues that were not evident from the quantitative study alone. For example, the barriers felt by some participants to gaining employment. This finding is important for any future research that may be considering undertaking a similar study.

The findings in this study portray a policy that addresses the short-term issues of the participants only, without addressing the long-term requirements of the individuals to ensure

the overall success of the policy. Without the policy effectively addressing the entire four components of the financial well-being concept, as per the definition by the CFPB (2015a), individuals are not capable of increasing their financial well-being. A review of the policy can address its failings to assist those availing of the remedies to have the potential to gain a high level of financial well-being.

Policy makers should not only be concerned with removing people from the over-indebtedness situation they find themselves in, a sentiment echoed by Rojas (2008) and Stamp (2009), but also assist them to attain a state of high financial well-being. Above all else, there needs to be honesty in whether the DRNs are delivering the desired results as envisaged by those who implemented the policy.

4.1 Recommendations in light of the findings

The data gathered for this study provided the researcher with a rich insight into the lives of those who availed of DRNs. The study provided an awareness of the reality of families and individuals living on restricted incomes dealing with debt and financial difficulties. Whilst the DRN is effective addressing the short-term issue of over-indebtedness, it is failing to introduce the long-term impact necessary to enable individuals to reach their financial goals and build resilience. In response to the findings of this study, the researcher has presented the following recommendations that she believes will assist those availing of a DRN to reach a higher level of financial well-being.

- Firstly, the current policy approach that rejects a review of the debtor's increased expenses in addition to their increased income needs to be examined to remove the barrier to employment currently experienced. Policy makers need to encourage a return to employment and not inhibit it.
- The duration of the DRN supervision period is excessive at three years. This is retaining participants in a state of poverty and prevents them from obtaining a fresh start. The supervision period needs to be adjusted to a more realistic timeframe and one that is

in line with similar policy approaches. A similar policy approach to the DRN was found in England and New Zealand and both apply a supervision period of 12 months.

- The role of the Money Advisor needs to be enhanced for individuals seeking DRNs. The policy should include a review visit after a set period to ensure the participants are taking steps in the right direction to meet their financial goals.
- The findings in this study highlight the triggers to a reduction in financial well-being, in addition to the interaction of it with other life events such as illness, loss of employment and retirement. This should resonate with all stakeholders in the area of debt advice, in addition to policy makers to ensure effective interventions target these groups at the appropriate stages.
- Although the DRN is effective in addressing the over-indebtedness issue, this is only a short-term fix for the problem. Financial education is imperative for the long-term success of the policy for those availing of an insolvency solution. Each individual should be given appropriate financial education after the DRN is processed to facilitate the achievement of high financial well-being going forward.
- Nutritious food is a basic human right and without it, a person can suffer from health problems that in turn can affect their overall well-being. Policy makers need to ensure support is given to those in need and not leave this role solely to charities, which seems to be their present stance.
- The issue of mental health problems stemming from over-indebtedness was emphasised in this study. Help in accessing mental health supports for individuals availing of insolvency solutions is a requirement. It is recommended that policy makers should examine the suitability for the interaction of services to ensure a full holistic approach is applied to the over-indebted individual.

- The lack of knowledge by the participants in this study of the personal insolvency options requires action by policy makers. Catching people early in their financial difficulty is crucial to prevent the spiralling problems over-indebtedness can create. The ISI need to target these individuals through the appropriate measures to get the information across at an early stage to all those who need it.
- The transition from being debtors to being savers should be integrated into the DRN policy approach. Individuals availing of a DRN should be introduced to savings and a special savings account set up to support them in building resilience to manage any future financial shocks that may occur.
- The personal insolvency policy response to over-indebtedness is just in its infancy in Ireland. As such, there is understandably a lack of experience on what would entail the most effective policy response in this matter by policy makers. With this in mind, the researcher believes it is necessary for policy makers to review the effectiveness of the policy at this stage. The only way this can be performed is by going directly to those who have availed of the debt remedy, in addition to experts in the field of over-indebtedness. Much of the problem areas discussed in this study were issues presented by those working in the field of over-indebtedness before the implementation of the policy. Although some of the input was heeded, it is obvious from the ineffectiveness in some areas of the policy that others were not.

4.2 Limitations of the study and avenues for further research

When reviewing the findings of this study a number of issues should be taken into account. While steps were taken to ensure the validity and reliability of the analysis, some limitations should be acknowledged when interpreting the results. Firstly, only eight participants agreed to take part in the study and these eight participants were clearly self-selecting. Due to this, the results cannot be generalised to all those who avail of the DRN insolvency solution. Additionally, as in O'Neill, Prawitz, *et al.*, (2006), there could be an issue of "survivorship bias" due to the voluntary participation of the respondents, leading to a possibility that only the

most successful clients agreed to take part in the study, and the less successful were not represented.

Second, this study consisted of only those who had undergone financial distress and had availed of the DRN insolvency remedy. Therefore, the associations made between financial distress and resourcefulness and health cannot be generalised to the overall population.

Third, the participants' perception of their financial well-being and their health may differ from that of an objective third party examination. Therefore, an objective examination could provide a very different result to that in the study.

Finally, the examination was solely on the DRN insolvency remedy and did not include an examination of the other remedies available to debtors, namely the Debt Settlement Arrangement (DSA), the Personal Insolvency Arrangement (PIA) or Bankruptcy. The time and resource constraints of the study meant it was not possible to examine these areas as well.

This study highlights several avenues for further research. It has drawn attention to the lack of research on the effectiveness of the policy approach to over-indebtedness. The researcher considers it necessary that the findings in this study be developed to examine the policy approach to over-indebtedness on a much larger scale. A larger examination on the effectiveness of the DRN countrywide could allow a more generalisable understanding to be developed. This is particularly important in light of some of the findings in this study.

Of particular interest in this study was the resourcefulness of the participants that only developed after the removal of financial distress. Resourcefulness is a topic that has been conveyed in some of the literature on over-indebtedness and poverty, for example, with individuals being resourceful to ensure the longevity of food and fuel. However, resourcefulness that evolves after the removal of financial distress to improve the individual's lifestyle appears to be scarce in the literature. Therefore, this area merits further examination. The results would assist those who deal with over-indebted individuals to better

facilitate them to be more resourceful to improve their lives while availing of the debt remedies.

Furthermore, some of the participants in this study mentioned the worry of being unable to avail of credit in the future. Others discussed the loss of savings, particularly with their credit union, which they used as collateral to avail of loans. Further research is required on the subject of financial exclusion experienced by those individuals who availed of insolvency remedies to ascertain its prevalence.

Of further interest in this study is the difference between the genders in referencing their capacity to deal with a financial shock. A study on specific genders would be useful to examine the differences in how each gender copes with a financial shock. Future studies could also explore the impact of the DRN on individuals after completion of the three-year supervision period, to examine the long-term effects of the policy. Finally, an examination of the DRN from the perspective of other stakeholders involved such as policy makers or MABS, would be beneficial in providing a complete examination of the policy.

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Appendices

Appendix 1 – Survey Section One

Name: _____ Telephone Number: _____

Date: _____ MABS Office attended: _____

1. Please specify the year you were born: _____

2. Gender e.g. male/female: _____

3. Source of Income (*Tick all that apply*)

- a. Wage
- b. Pension
- c. Financial Support from family (Parents etc.)
- d. Department of Social Protection Specify...(Please Specify) _____
- e. Other...(Please Specify) _____

4. Employment status?

- a. Employed
- b. Student
- c. Self-employed/ Trader
- d. Housewife/ Husband
- e. Unemployed
- f. Retired
- g. Unable to work due to illness/disability
- h. Other (please state) _____

5. Marital/Civil Partnership status: (*Tick the relevant box*)

Single	<input type="checkbox"/>	Couple with children	<input type="checkbox"/>
Cohabiting	<input type="checkbox"/>	Couple with no children	<input type="checkbox"/>
Divorced	<input type="checkbox"/>	Lone parent	<input type="checkbox"/>
Widowed	<input type="checkbox"/>	Separated	<input type="checkbox"/>

6. How many dependent children do you have living with you?

7. In general, how would you rate your health today? Circle the most appropriate answer (*This question is about your general overall physical and mental health*).

1	2	3	4	5	6	7	8	9	10
Very bad		Bad		Moderate		Good			Very good

8. Do you feel your health has improved since availing of a DRN?

- a) Yes
- b) No

9. Were you a client of MABS before attending for a Debt Relief Notice (DRN)?

- a) Yes
- b) No

10. If your **answer** to **question 9** above was '**Yes**', how long had you been a client of MABS?

Less than 1 year	<input type="checkbox"/>	2 to 4 years	<input type="checkbox"/>
1 to 2 years	<input type="checkbox"/>	More than 4 years	<input type="checkbox"/>

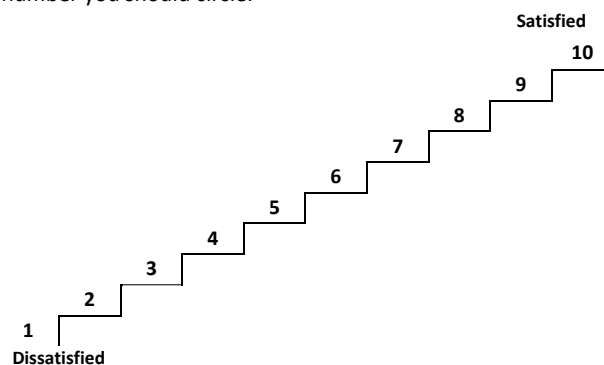
Appendix 2 – Survey Section Two

Directions: Circle or check the responses to the following questions that are ***most appropriate*** for your situation.

1. What do you feel is the ***level*** of your ***financial stress today?***

1	2	3	4	5	6	7	8	9	10
Overwhelming Stress			High Stress			Low Stress		No Stress at All	

2. On the stair steps below, mark (with a circle) how ***satisfied*** you are with your ***present financial situation.*** The “1” at the bottom of the steps represents complete dissatisfaction. The “10” at the top represents complete satisfaction. The more dissatisfied you are, the lower the number you should circle. The more satisfied you are, the higher the number you should circle.



3. How do you feel about your ***current financial situation?***

1	2	3	4	5	6	7	8	9	10
Feel Overwhelmed			Sometimes Feel Worried			Not Worried		Feel Comfortable	

4. How often do you worry about being ***able to meet*** normal monthly living expenses?

1	2	3	4	5	6	7	8	9	10
Worry All the time			Sometimes Worry			Rarely Worry		Never Worry	

5. How confident are you that you would find the money to pay for a ***financial emergency*** that costs about ***€1,000?***

1	2	3	4	5	6	7	8	9	10
No Confidence		Little Confidence			Some Confidence			High Confidence	

6. How often does this happen to you? You want to go out to eat, go to a movie, or do something else and ***don't go because you can't afford to?***

1	2	3	4	5	6	7	8	9	10
All the time			Sometimes			Rarely		Never	

7. How frequently do you find yourself just getting by financially and just living ***payday to payday?***

1	2	3	4	5	6	7	8	9	10
All the time			Sometimes			Rarely		Never	

8. How ***stressed*** do you feel about your personal finances ***in general?***

1	2	3	4	5	6	7	8	9	10
Overwhelming Stress			High Stress			Low Stress		No Stress At All	

Appendix 3 - Interview Questions

1. When did you avail of the DRN insolvency solution?
2. Has anything happened from when the DRN was processed until now that would affect your financial circumstances, this includes improvements or further declines?
3. How easy or difficult do you find it to manage your finances day to day?
4. Do you find there is a difference in the amount you spend now on certain things compared to before you availed of the DRN? E.g. Children/family, social activities.
5. How would you describe the difference in your overall quality of life since availing of the DRN?
6. Do you prepare a budget or just deal with things as they come along? *(If they don't prepare a budget how do they keep track of their incomings/outgoings?)*
7. Is there a difference to how you budget your money now compared to before the DRN?
8. Do you save regularly? *(If don't save then why?)*
9. If you save, are the savings for:
 - a. Short term e.g. holidays, Christmas
 - b. Long Term e.g. new car, for a rainy day, retirement
10. Do you think you would be in a position now to deal with any type of financial shock e.g. emergency car/home repair, loss of job?
 - a. Small Shock e.g. replacing a household appliance
 - b. Large shock e.g. replacing gas boiler / loss of a job or main source of income

11. Would you have someone to turn to if you did have a financial emergency and had no savings?
12. How do you see your financial circumstances in 5 years / 10 years?
13. Do you have a financial plan for the future? *(If yes how far ahead do you plan? If no then what are the barriers to preparing a plan?)*
14. Could you tell me what you think was the main cause of you failing into over-indebtedness?
15. What were the reasons for taking on the debt initially?
16. Is there anything you did not like about the DRN process?
17. Have you anything you would like to add, that hasn't already been covered in this interview?