



Press release

Statistics Netherlands

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Debt in consumer credit increasing

Household debt from consumer credit went up 9.6% in 1999. According to the latest figures from Statistics Netherlands Dutch households had 4500 guilders worth of debt outstanding at the end of the year. Consumers also created more room for expenditure by going into the red temporarily at the bank. By the end of the year 1999 households averaged 1550 guilders in the red.

More revolving credit and credit cards

The most popular form of consumer credit is revolving credit. Here the amount repaid can be taken out again. The interest rate is not fixed but follows the market. In 1999 consumers also tried out other forms of credit. Debts in long-term credit covered by an insurance policy increased by 40% to 3.2 billion guilders. Here the insurance pays out at the end of the term, while the consumer pays insurance premiums and gets maximum tax benefits on the outstanding debt throughout the term.

Furthermore there is clearly a need for credit where purchases with credit cards are concerned. The debt involved in this short-term type of credit increased by 57% to 0.7 billion guilders. The total amount of outstanding debt in 1999 for consumer credit increased by 9.6% to 30.6 billion by the end of 1999.

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Economic climate and low interest rates boost consumer credit

Consumers remain optimistic about the economic climate in general. This and the low interest rates motivate many consumers to get credit or have a temporary overdraft. Dutch consumers also show a great willingness to purchase, as was manifest in the Willingness to Purchase Index. In 1999 it averaged +20, in 1998 +18). Also in 1999 some 12.5 % more cars were sold than in 1998.

Red in the nineties

In the last decade the average amount in which people's bank accounts were in the red increased sevenfold. On average, at the end of 1999, households were 1550 guilders in the red on their current account. Ten years ago the average was 225 guilders. The total number of bank accounts in the red increased from 1 to 2.5 million this decade.

Small shift in market parties

Consumers usually end up at the bank or a financial daughter enterprise of the bank when they seek to borrow money. Still the market share in credit outstanding of this group fell from 78.5% at the end of 1998 to 76.9% by the end of 1999.

Financial enterprises not affiliated to banks saw their market share increase from 15.7% in 1998 to 17.8% at the end of 1999.

Mail order companies, who generally provide short-term credit for small amounts of money, had a 2.7% market share at the end of 1999.

The share of the municipal banks providing credit fell by half this decade, and stood at 2.6% at the end of 1999.

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