



# Press release

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## ***Dutch households in the red***

The total debt outstanding on consumer credit increased by half a billion euro in 2002, reaching 16.4 billion euro. Furthermore households were 6,1 billion euro in the red on their bank accounts on 31 December 2002. At the end of 2001 their bank accounts were 5.3 billion euro in the red, according to Statistics Netherlands. In 2002 Dutch households borrowed 10.3 billion euro for consumption. This is about the same as in 2001.

### ***Borrowing despite pessimism***

In 2002 10.3 billion euro worth of consumer credit was taken out for the purchase of cars, home furnishings and other durable consumer goods. This is about the same amount as in 2001. In 2001 Statistics Netherlands observed the first year-on-year decrease in credit since 1983. This decrease did not continue in 2002. Still consumers were more pessimistic about the economic situation than in 2001.

### ***Debt increasing***

The outstanding debt on consumer credit increased to 16.4 billion euro in 2002. In 2001 the amount was 15.9 billion euro. The total debt increased far less during the last two years than it did in the previous years. This is because less credit was granted.

### ***In the red***

Consumers were 6.1 billion euro in the red on their bank accounts on 31 December 2002, which is 15 percent more than in December 2001. In the long-term perspective this is not an unusual increase. Between 1995 and 2000 the average annual increase was 18 percent. In 2001, however, people were less in the red than in the previous year, for the first time in years. This decrease was not repeated in 2002.

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### ***Revolving credit most popular***

Almost two-thirds of the credit granted in 2002 was revolving credit. Moreover, people increasingly used the credit facilities of their credit cards. In 2002 credit card credit made up almost a quarter of the total credit granted. Five years ago this was 13 percent.

The average credit period on credit cards is about 4 months. For revolving credit it is about 20 months. The brief period makes that credit card credit, totalling 820 million euro in 2002, is a fraction of the total unpaid debt in consumer credit. Revolving credit constituted the biggest part of the 16.4 billion euro consumer credit debt (71 percent).

### ***Credit mainly granted by banks***

Banks and credit card companies supply most consumer credit. At the end of 2002 the share of this group in outstanding consumer credit debt was 48 percent. Financing companies had a 47 percent share. Mail order companies and municipal credit banks had a much more modest share.

### ***Household debt doubles in a decade***

The average debt in consumer credit, and bank accounts in the red, had increased to almost 3 300 euro per household by the end of 2002. Ten years ago the debt was half that amount, namely about 1 650 euro per household.