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RESEARCH INSIGHTS

"SPATIAL DISPARITY IN HOUSEHOLD INDEBTEDNESS ACROSS THE UK"

AUTHORS

Norman E. Hutchison, Piyush Tiwari, Alla Koblyakova, David Green,
Yan Liang Tan

EXECUTIVE SUMMARY

This paper assesses the lending risks associated with the level of total household indebtedness at the local authority level across the UK. Using GIS-based Exploratory Data Analysis and mapping, the paper identifies local concentrations of household borrowing, both secured and unsecured, which is referenced against regional Gross Added Value. Significant local differences are revealed which are tracked over the period 2013–2019. Total debt relative to the size of economy is larger in London and local authorities around London. A positive correlation was revealed between areas of multiple deprivation in England and those local authorities with proportionally high unsecured lending, confirming that the less well-off require access to debt facilities and in the absence of availability of secured loans, resort to unsecured borrowing.

Understanding where the additional lending risks are located across the UK is relevant when evaluating the robustness of the economy to recession, with its uneven effects on different sectors and households and the impact of monetary policy changes, particularly sharp rises in interest rates. The mapping of these risks is illuminating and aids understanding.



KEYWORDS

- Household
- Indebtedness
- Lending
- Risk
- GIS



RESEARCH RELEVANCE

- This paper assesses the lending risks associated with the level of total household indebtedness at the local authority level across the UK.
- The paper identifies local concentrations of household borrowing, both secured and unsecured, which is referenced against Gross Added Value. The mapping of these risks aids understanding.
- Significant local differences are revealed. Total debt relative to the size of the economy is higher in London and local authorities around London.
- A positive correlation was found between those living in areas of multiple deprivation and higher unsecured lending.

BIBLIOGRAPHIC INFORMATION

Hutchison, N.E., Tiwari, P., Koblyakova, A., Green, D. and Tan, Y.L. (2024),
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