

# The economic impact of debt advice on employment and productivity



Europe Economics

Productivity is impacted by financial distress and debt advice is one way to reduce that distress. The research explored this and it is estimated that debt advice could be generating productivity gains of £67-137 million annually across the UK.

## Financial distress and productivity

There is robust evidence to demonstrate a causal link from being indebted and reduced productivity:

- Debt can be a significant barrier to those finding or maintaining employment in the long term

- Debt can prevent people maintaining newly found work if repayments are too high
- High debt levels can make an individual too stressed to work at normal levels



Financial distress can cause some people to miss work



Others do turn up, but cannot focus. Both decrease productivity



Debt advice helps resolve financial distress



Does that lead to a recovery in productivity?

The relationship between debt and productivity is supported by past research showing an impact of stress on productivity and stress on financial difficulties. This research reviewed the links between financial difficulties and employment problems.

## Financial distress and employment problems

The study contributes empirically to understanding the effect of debt advice on productivity, using a larger sample than previous research, and more up-to-date data. To facilitate meaningful and robust statistical comparisons, the sample of 3,800 over-indebted people included similar proportions of those that had sought debt advice and those who had not.

Indebtedness can result in health problems sufficiently serious to interfere with work. Those seeking advice in the sample tended to have higher levels of debt than those who did not seek advice.

The UK-wide employment rate currently stands at 75%, while the employment rate among over-indebted people is considerably lower.

**63%** of respondents who sought advice were in full- or part-time employment compared to **59%** of those that did not seek advice.

Advice seekers left work because of poor health more often than those who did not seek advice.

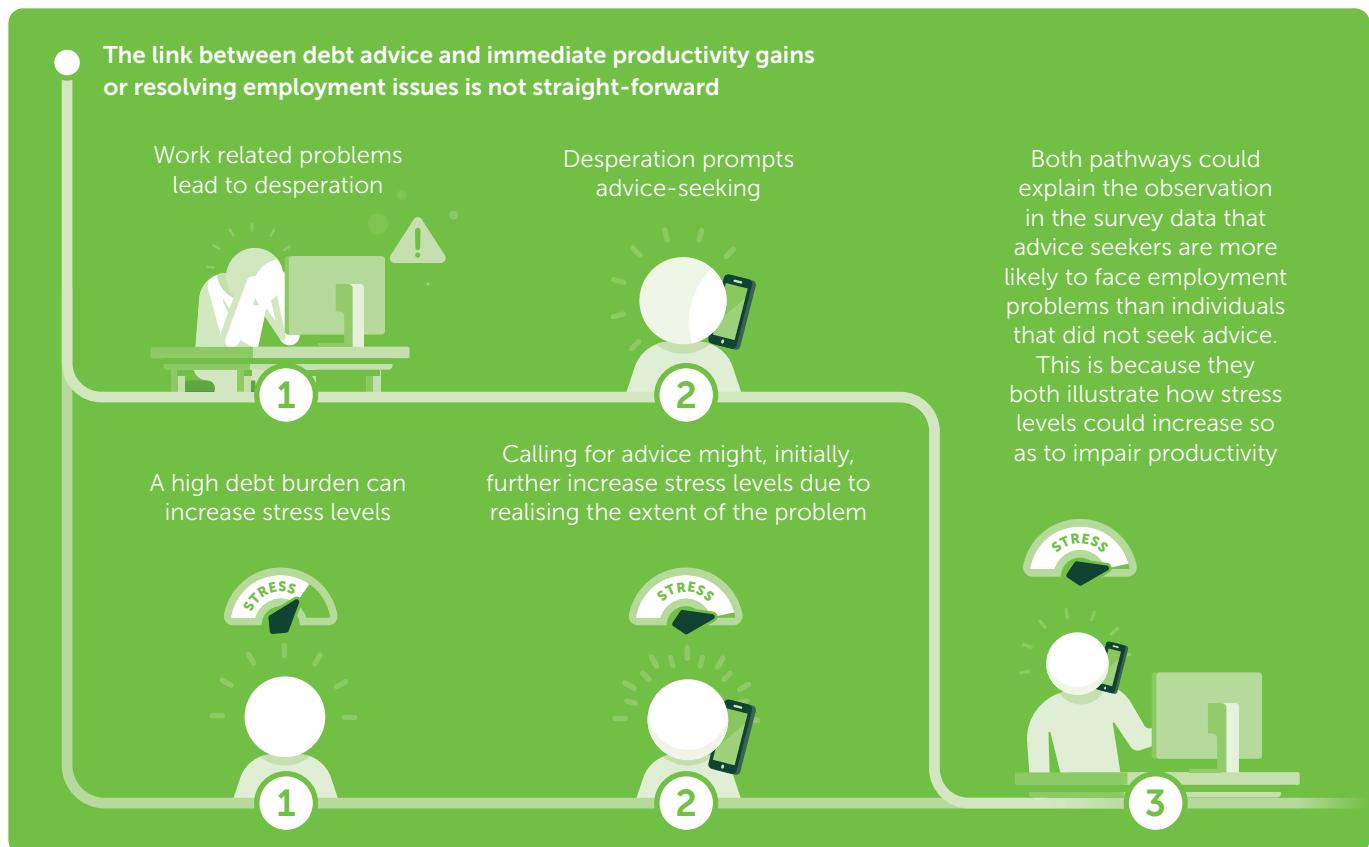
**16%** of debt advice seekers had to stop work because of poor health compared to **11%** of those that did not seek advice.

It is more common for advice seekers to believe that their employment problems were caused by their financial difficulties.

**67%** of advice seekers with employment problems due to ill health believe that their financial difficulties were a cause of their poor health compared to **52%** of those that did not seek advice.

The differences between debt advice seekers and those who did not seek advice illustrate the complexity of robustly identifying the economic impacts arising from debt advice.

## The economic impact of seeking advice



## Productivity gains

With the passage of time, the debt advice process becomes less stressful and starts to produce beneficial results

These benefits can include improved mental wellbeing, which in turn relieve stress

Less stress leads to fewer employment related issues  
Part of the impact of debt advice on stress is quantified in the summary report.



The annual productivity gain associated with receiving debt advice is estimated to be

# £67-137 million

annually across the UK



For more information please read the report "The Economic Impact of Debt Advice" - [moneyadviceservice.org.uk/EconomicImpactDebtAdvice](http://moneyadviceservice.org.uk/EconomicImpactDebtAdvice)  
Contact the Money Advice Service: [debtadviseresearch@moneyadviceservice.org.uk](mailto:debtadviseresearch@moneyadviceservice.org.uk) | [@yourmoneyadvice](#) | [moneyadviceservice.org.uk](http://moneyadviceservice.org.uk)

Europe Economics Chancery House, 53-64 Chancery Lane, London WC2A 1QU | Tel: 020 7831 4717 | [europe-economics.com](http://europe-economics.com)