REPORT

Swedish Consumer Credit

20 December 2022

FI Ref. 22-32666

Contents

Summary 3

The consumer credit market...5

The consumer credit survey 11

Lenders' credit checks...17

Some lenders do not collect information about existing loans 18

Lower share with more in-depth discretionary income calculation 20

Those who take out large loans often have higher incomes 23

Small loans often have high interest rates 33

Payment problems and debt build-up 44

Early payment problems..44

Signs of debt build-up 50

Payments that become loans..55

All groups of borrowers use invoices, credit cards and lines of credit 61

The loan types burden the borrower's finances in different ways...............62

Debt collection notices more common among cost-bearing invoices.........64

Borrowers with deficits given various economic scenarios 68

Finansinspektionen
Box 7821, 103 97 Stockholm
Street address Brunnsgatan 3
Telephone +46 8 408 980 00
finansinspektionen@fi.se
www.fi.se

Summary

A large portion of Swedish households' loans is for their homes. But the households also use loans to finance some of their consumption. Consumption credit has grown rapidly in recent years. In terms of SEK, unsecured loans represent the largest share of consumer credit. In terms of volume, invoices are the most common form of consumer credit. These are some of the conclusions from Finansinspektionen's (FI) survey of new consumer credit with data from 2021. FI conducts a consumer credit survey every year as part of its mission to promote a high level of consumer protection on the financial markets.

Just like in previous years, high-income households represent a large share of the bigger loans, and this share has increased over time. However, around 5 per cent of the borrowers with a new loan of more than SEK 100,000 had an income of less than SEK 15,000/month after tax. The percentage of income used for loan payments was lower in 2021 than in previous surveys, which is a positive development, but borrowers with lower income paid more in interest and amortisation in relation to their disposable income.

The percentage of borrowers who received a debt collection notice because of an unsecured loan is relatively constant over time, but there are considerable differences between different types of lenders. One out of six borrowers who was granted an unsecured loan from a consumer credit institution received a collection notice within eight months. This can be compared to 0.3 per cent of the major banks' borrowers.

Invoices, credit cards and credit lines are primarily different methods for paying for goods and services. However, if they are not paid on time, they are associated with extra costs, and we then view them as loans. In total, around 6 per cent of borrowers with loans that originated as payments receive a collection notice shortly after they have taken the new loan. The largest percentage is among young borrowers and borrowers with low incomes. The percentage of invoice recipients was six times higher among those who had received a collection notice just before they received the new invoice. This indicates that it is important for lenders to consider information about previous repayment problems.

Almost one out of five borrowers who were granted a new unsecured loan had a deficit in a subsistence cost calculation. This indicates that lenders' credit assessments are too often insufficient. Consumer credit institutions and niche banks often use limited information in their credit assessments, and it is these lenders that have the largest percentage of customers who experience repayment problems.

Future economic development can place greater demands on borrowers' repayment capacity. Our calculations, which are based on the Riksbank's forecasts for

inflation and the repo rate, shows that the percentage of borrowers with a deficit will increase from 19 per cent now to 28 per cent in 2023. If inflation persists at its current level and the Riksbank raises the interest rate faster than in its main scenario, almost 35 per cent will experience a deficit.

FI's survey shows that some lenders now collect information about existing loans to a greater extent than before, but in general it is still relatively common for lenders to not request information about existing loans. It is also crucial how lenders use the information they gather. In general, the scope of credit assessments appears to have contracted in the past few years.

The consumer credit market

Lending grew more slowly in 2022 than in recent years, both in terms of mortgages and consumer credit. Several underlying contributors include higher interest rates and a weaker economy. At the same time, consumer credit's share of total interest payments decreased in 2022, after increasing since 2011.

Loans allow households to consume without having to save first. This allows households greater flexibility while at the same time benefiting the economy as a whole. However, interest and amortisation payments tie up part of a household's future income. If households' finances deteriorate, they may find it difficult to make these payments. In an economic environment marked by rising interest rates, high inflation, falling real disposable incomes and a higher risk of unemployment, loans can increase the vulnerability of households, lenders and, by extension, the economy as a whole. The risk of experiencing payment problems is greater for borrowers with small margins, and it is therefore important given the current economic environment that lenders perform, and have performed, adequate credit checks before granting a loan.

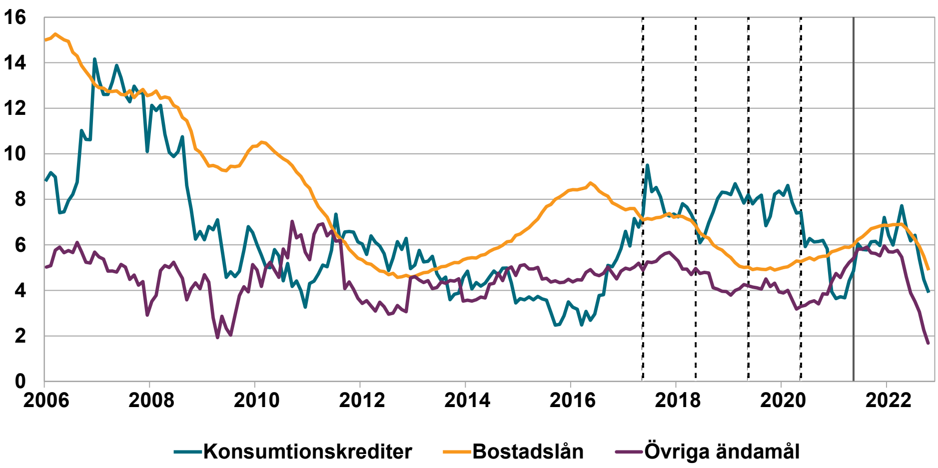
A large portion of Swedish households' loans is for their homes, but loans also finance some of their consumption.[1] In May 2021 (which was when the data in FI's survey was collected), Swedish households' loans from monetary financial institutions (MFIs) amounted to SEK 4,543 billion. In October 2022, lending had increased to SEK 4,892 billion. Mortgages represent the largest share of lending, 82.5 per cent.[2] Consumer credit (the term we use in this report to refer to loans without collateral) accounts for 5.6 per cent, while other loans (including what we call non-property-backed loans and loans to sole-proprietorships) account for just over 11.7 per cent of total loans.[3]

[1] The official statistics refer to data on loans broken down by collateral type. Data on the purpose of the loans are not collected. Statistics Sweden uses the breakdown by collateral type to approximate the purpose. Using its identification of purpose, Statistics Sweden then defines three types of loans. Consumer credit refers to loans without collateral from MFIs to private individuals (unsecured loans) or loans with collateral, other guarantees (loans guaranteed by parties other than the state and municipality). Mortgages refer to loans collateralised by single-family homes, tenant-owned units and owner-occupied apartments from MFIs to households (private individuals and sole-proprietorships). Loans for other purposes refer to non-mortgage loans from MFIs to households. See Statistics Sweden, Financial Market Statistics, for a more detailed definition.
[2] See Statistics Sweden's publication of financial market statistics from 25 November 2022.
[3] At the time of our sample in May 2021, the percentage of loans without collateral or with other guarantees was 5.8 per cent of total loans. These loans constituted just over 6 per cent of the loans on average during the period 2006–2022.

Growth in household consumer credit (SCB's terminology) varies substantially over time; during the period 2017–2019 it was high (see Diagram 1).[4] After slowing down in 2020, lending has again started to increase rapidly, and in the first quarter of 2022, it increased by an average of 6.6 per cent per month. Since then, growth has slowed again and was 5.1 per cent during the period July–October 2022, which is below the historical average. The fact that households' consumer credit has increased more in the last five years than in the previous decade is likely due to several factors. The economy and wage development have been strong, interest rates have been low, prices of consumer goods have been rising, and the population has been increasing. The consumer credit offering has also expanded with new products for payments and loans, more actors have entered the market, and it has become easier to get a loan.

1. Growth in household loans broken down by purpose

Per cent



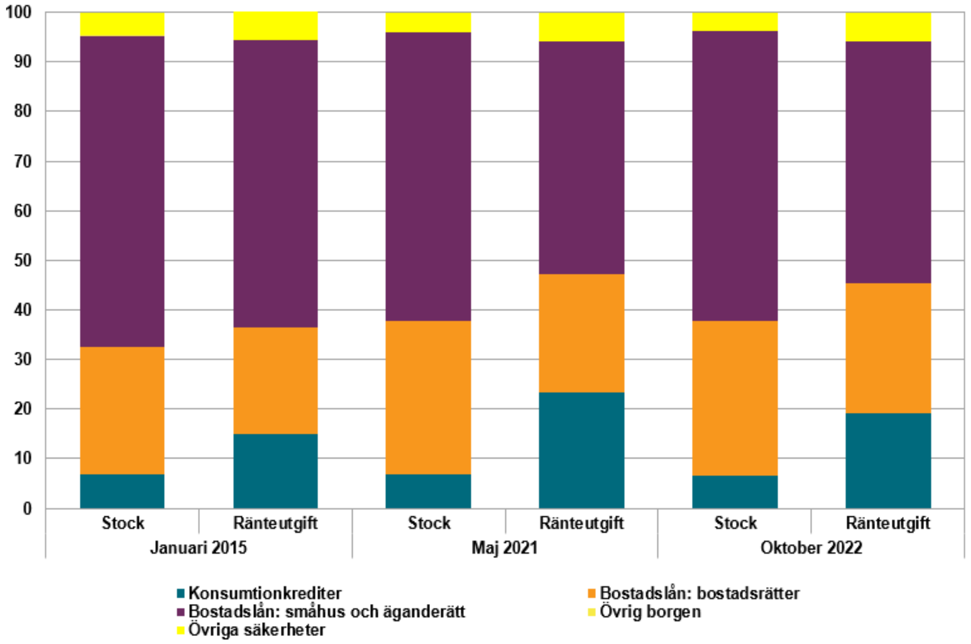
Source: Statistics Sweden.
Note: Refers to annual change in per cent. The growth rates are adjusted for reclassifications and for bought and sold credits. The latest observation is from October 2022. Lending refers to monetary financial institutions (MFIs). The vertical bars show the dates of our consumer credit samples.

Even though unsecured loans make up a small part of households' total loans, their loan payments account for a comparatively large portion of households' total payments. During the period 2015–2022, the loans' relative interest payments

[4] Consumer credit grew on average by 4.4 per cent a month in the first half of 2021 at the time of our sample. In this chapter, we use the terms *consumer credit* and *loans without collateral* to refer to consumer credit as defined by Statistics Sweden. Please note that Statistics Sweden's definition of consumer credit differs slightly from what we refer to as consumer credit in the rest of the report. Consumer credit according to Statistics Sweden can be considered equivalent to unsecured loans in our sample. Since the objective of this chapter is to provide a broader picture and describe the market development over a longer period, the analysis here is based on Statistics Sweden's data and definition.

increased from 15 per cent to just over 20 per cent of total interest payments (see Diagram 2).[5] Households' interest payments for consumer credit have decreased somewhat due to rising mortgage rates in recent quarters, which means that interest payments for mortgages represent a larger share of total interest payments. Consumer credit's share of total interest payments will probably decrease even further since the Riksbank's interest rate increases have a greater impact on mortgages, given their relative size and the higher percentage increase in mortgage rates.

2. Consumer credit's share of both total loans and interest expenses
Per cent



Source: Statistics Sweden.
Note: Refers to annual averages of loans without collateral from MFIs. Stock refers to total lending. Interest rates refer to MFIs' lending rates to households for new agreements.

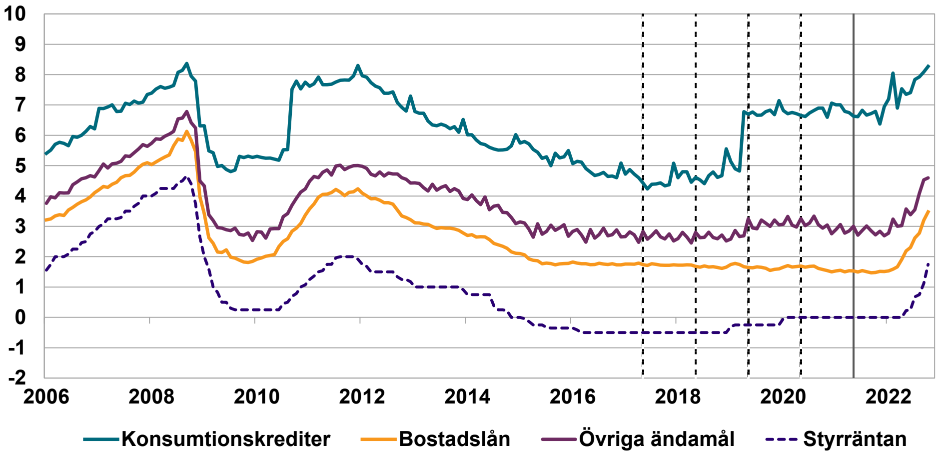
Interest rates for consumer credit have historically been higher than interest rates on loans for other purposes and mortgages (see Diagram 3). This is because loans with collateral carry less credit risk since the collateral can often be sold if the borrower experiences payment problems. Since the beginning of 2022, the Swedish economy has been marked by great uncertainty and high inflation, and interest rates have increased compared to previous years. Interest rates on consumer credit are now in line with the rates during the 2008 financial crisis.

Higher interest rates can lead to households borrowing less, as it becomes more expensive to borrow. Household loans may also decrease if lenders' credit checks

[5] When including amortisation payments, consumer credit's share of loan payments is even greater.

become stricter. It is also possible that some households borrow more than before to maintain their consumption. In such a development, the risks of payment problems may increase.

3. The Riksbank's policy rate and lending rates broken down by purpose
Per cent

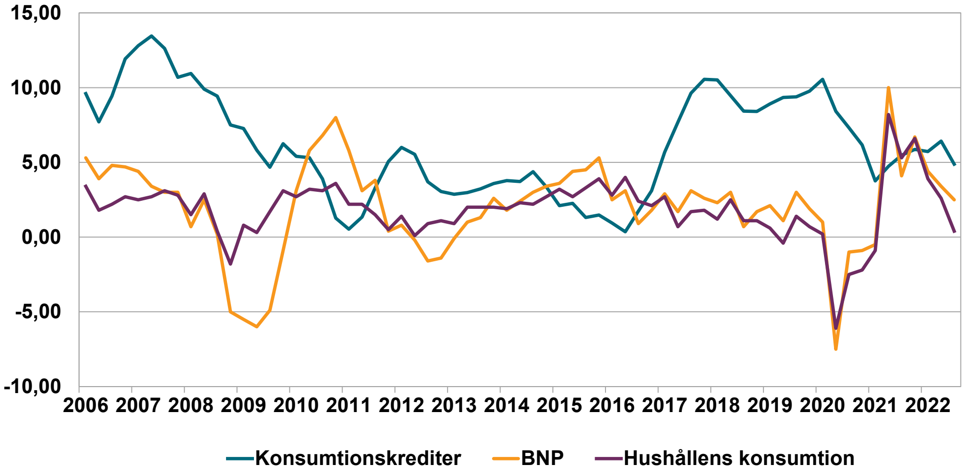


Source: Statistics Sweden.
Note: The latest observation is from October 2022. Lending refers to monetary financial institutions (MFIs). The Riksbank's policy rate and lending rates to households refer to monthly averages. Since 2019, the group of institutions that report to Statistics Sweden has been expanded to better cover consumer credit, which resulted in an increase in the published interest rates. The vertical bars show the dates of our consumer credit samples.

Historically, lending for consumption tends to grow when the economy is strong, but often with a lag (see Diagram 4). The Swedish economy is expected to enter a recession in the next few years, and households will therefore likely need to reduce their consumption. In addition, a weaker labour market and continued high interest rates could contribute to a reduction in consumer credit going forward. Depending on which groups are most affected, the impact on lending from different lenders could also differ.

4. Consumer credit, GDP and household consumption

Annual percentage change



Source: Statistics Sweden.

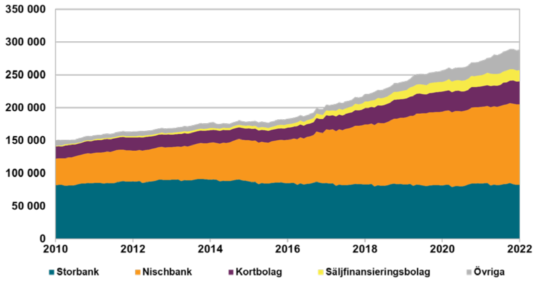
Note: Growth in GDP and household consumption refer to seasonal data with the last observation in Q3 2022. Data on the trend in consumer credit refers to monthly data with the last observation in October 2022.

Consumer credit is provided by different lenders (see Diagram 5).[6] The major banks have had a relatively constant loan volume (in SEK) during the period for which data is available. At the same time, consumer credit from the niche banks has increased sharply in the past ten years. As a share of total lending, the niche banks now account for almost 50 per cent (see Diagram 6). This is an increase of approximately 25 percentage points since 2012. Lending from sales-financing companies (which offer invoices and instalments) has also increased, but from lower levels. As a rule, sales-financing companies differ from other lenders in that they issue many small loans. The technological development in recent years, with increased e-commerce and its subsequent impact on consumption behaviour, has led to more consumers choosing to pay by invoice.

[6] See the chapter on the survey and fi.se for more information on lender groups.

5. Consumer credit per lender group

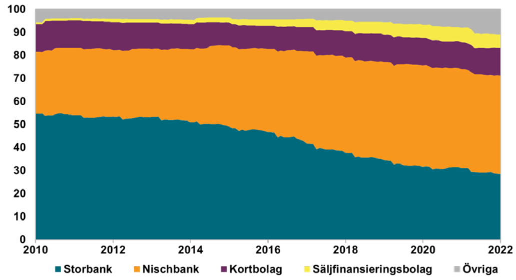
SEK million



Source: Statistics Sweden.
Note: See the chapter “The consumer credit survey” for definitions of lender groups.

6. Market shares per lender group

Per cent



Source: Statistics Sweden.
Note: See the chapter “The consumer credit survey” for definitions of lender groups.

The consumer credit survey

Objective and data

Loans and loan service payments have a major impact on household finances.

Since 2017, FI has conducted a survey of the market for consumer credit. The purpose of the survey is primarily to enhance our understanding of how consumer credit impacts borrowers' finances and how the market is developing over time. It is part of FI's assignment to advocate strong consumer protection in the financial markets, in this case consumer credit.

This is the fifth time that FI has conducted a consumer credit survey. All figures are not directly comparable between the years since the number of lenders included has varied. The definitions of some variables have also changed. Thirty-six lenders were included in this year's survey, which relates to 2021.[7] The survey includes borrowers with a new consumer credit associated with a cost, for example interest. The report is based on two parts of the survey:

- *Sample of loans and credits (microdata)*: The sample includes loans and credits that the lenders disbursed 13–22 May 2021. After processing, the sample consists of 341,381 borrowers.[8] The data contains, among other things, information about the new loans, the agreed interest rate and other costs, the borrowers' income, and total loans. We also collect aggregate data from the companies.

- *Qualitative information*. The lenders have answered a number of follow-up questions where they provide general and detailed information. The follow-up questions relate to, among other things, credit check methods.

Types of loans in the survey

The survey covers loans to consumers. We divide the loans into seven types: *Unsecured loans* are loans without collateral that have scheduled amortisation payments, an interest rate and a maturity date. Borrowers can use unsecured loans to buy goods or services, to replace existing loans, or as cash downpayment when buying a home.[9]

[7] There were significantly fewer lenders in the analysis in 2017, so this year is not included in the report. The data collected has also evolved over time.
[8] The number of households is not unique because a single household can appear with several lenders.
[9] An unsecured loan that is used to purchase a home is a *housing credit without collateral* and imposes different types of demands on the lender than an unsecured loan with a different purpose.

A *non-property-backed loan* is similar in many ways to an unsecured loan but has an underlying collateral, often a car.

Instalments are loans established when purchasing a specific product or service. Sometimes instalments are not associated with interest or other charges. However, the survey only includes instalments that are associated with a cost to the consumer in addition to the price of the product or service.

When a consumer buys a product or service, it is often possible to pay by invoice. *Invoices* are fundamentally a payment method and thus an interest-free credit. Most invoices – around 90 per cent – issued by the companies in the survey are paid on time and involve no extra cost for the consumer. The invoices that are included in the survey are those that entailed an extra cost for the consumer. These invoices have not been paid on time and thus resulted in penalty interest or a reminder fee.

Converted instalments are instalments that originated in another type of credit, for example an invoice, and were then converted to an instalment agreement.

Credit cards are amounts drawn on so-called limits which have entailed a cost for the borrower, such as interest, penalty interest or reminder or late fees.[10] We call these cost-bearing credits.

Lines of credit, like credit cards, are drawn amounts that have become cost-bearing. However, unlike credit cards, the limit is linked to a bank account or an approved spending limit at a store (either physical or online).

Lender groups

Because there are big differences between the lenders, we have divided them into six groups. *Major banks* generally have a more comprehensive range of products than other lenders. They offer loans both with and without collateral. Major banks also offer many different types of savings options. A *niche bank* is often specialized in one or a few areas, for example consumer credit. A *non-property-backed financing company* essentially provides loans against collateral other than housing. A *credit card company* mainly offers credit cards. *Sales-financing companies* provide loans when purchasing a product or service. *Consumer credit institutions* offer loans without collateral to consumers. They often lend smaller amounts for a shorter period of time and at a high interest rate.

The survey is not comprehensive

FI's survey only captures new loans taken out from a single lender. This means, among other things, that we do not know whether a borrower has borrowed from several lenders during the period of the analysis. Therefore, there is a risk that we,

[10] But they exclude costs that exist regardless of whether the credit line has been drawn or not, such as annual card fees.

for example, underestimate how much of their income some borrowers use to pay for their new loans. Then there are households where several income earners share the expenses without there being formal co-borrowers for the loan. For those borrowers, we overestimate how much of the household's total income goes to service payments.

About the survey

A total of 341,381 borrowers were included in the survey in 2021 (see Table 1). The volume lent amounted to approximately SEK 4 billion. Unsecured loans accounted for 52 per cent of the volume in the survey but only 6 per cent of the number of borrowers. As in previous years, the survey largely consisted of consumers who had purchased a product or service with an invoice that then became interest-bearing. These invoice recipients accounted for over 60 per cent of the borrowers, but their loans corresponded to only 6 per cent of the volume lent.

Table 1. Survey composition in 2021

Quantity, Per cent, MSEK

		Borrower		Volume (MSEK)	
		Number	**Percentage**	**Volume**	**Percentage**
Loan types	Unsecured loans	20,708	6.1	2,121	52.0
	Loans backed by non-property collateral	7,438	2.2	1,318	32.3
	Instalments	10,542	3.1	30	0.7
	Invoices	205,818	60.3	255	6.3
	Converted instalments	78,189	22.9	160	3.9
	Credit cards	8,138	2.4	106	2.6
	Lines of credit	10,548	3.1	89	2.2
	Total	**341,381**	**100**	**4,079**	**100**
Lender	Major banks	6,885	2.0	854	20.9
	Niche banks	39,530	11.6	1,819	44.6
	Non-property-backed financing company	3,817	1.1	560	13.7
	Credit card company	5,103	1.5	291	7.1
	Sales-financing company	280,837	82.3	479	11.7
	Consumer credit institution	5,209	1.5	77	1.9
	Total	**341,381**	**100**	**4,079**	**100**

Source: FI.
Note: The table shows the composition of the sample. It is not completely representative of borrowers at large since the consumer credit institutions included in the analysis account for approximately half of the total lending for that type of company. The analysis covers other lender groups in an almost comprehensive manner.

Most consumer credit was taken out by a single individual

Almost all consumer credit in the 2021 sample was taken out by a single borrower. A loan with several borrowers means that more than one individual is jointly liable for the loan payments. For loans of over SEK 100,000, 14.7 per cent of borrowers had at least one co-borrower. Co-borrowers mainly occurred among unsecured and non-property-backed loans (which are the largest loans). The highest share of co-borrowers was found in loans from large banks, niche banks and non-property-backed financing companies. Among other lender groups, there were almost no loans with co-borrowers. If a borrower has a debt registered with the Swedish Enforcement Authority, the household's joint assets may be used to settle the debt, even for those who were not co-borrowers for the original loan.[11]

Many women with invoices and instalments

Women made up over 60 per cent of borrowers in the 2021 survey. This is because women pay more often with invoices, which were a large share of the total number of borrowers in the survey. Two-thirds of the invoice recipients were women in 2021, the same as in 2020. For unsecured loans, non-property-backed loans, and credit cards, the majority of borrowers were men (see Table 2). Measured in SEK, men accounted for just under 64 per cent of lending. This is because men more often took out unsecured and non-property-backed loans, which are significantly larger than other types of loans.

Table 2. Gender distribution of borrowers

Per cent

	Number of borrowers			Volume		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Unsecured loans	42.3	57.7	100	37.6	62.3	100
Loans backed by non-property collateral	29.4	70.6	100	26.0	74.0	100
Instalments	62.3	37.7	100	26.0	74.0	100
Invoices	66.7	33.3	100	63.5	36.5	100
Converted instalments	64.9	35.1	100	63.5	36.5	100
Credit cards	42.9	57.1	100	35.3	64.7	100
Lines of credit	57.7	42.3	100	35.3	64.7	100
Total	**63.0**	**37.0**	**100**	**36.1**	**63.9**	**100**

Source: FI

[11] For example, seizure of property can include everything that is jointly owned. A wage garnishment can cover the household's total wages if the individual's property or salary is not enough.

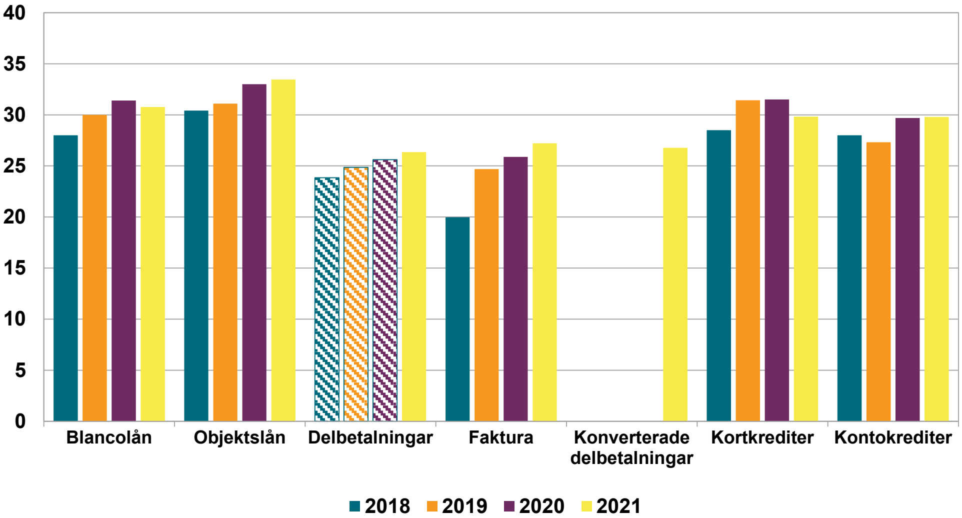
Note: Refers to the gender of the main borrower.

Borrowers with consumer credit

The median income in the survey in 2021 was SEK 27,600 before tax.[12] Income information was missing for approximately 20 per cent of the borrowers, mainly among borrowers with instalments, invoices, and credit cards. The median income was highest among borrowers with unsecured loans and non-property-backed loans (see Diagram 7). The median income increased for most loan types but decreased slightly for unsecured loans and credit cards in 2021.[13]

7. Income before tax (TSEK/month) broken down by loan type

SEK thousand



Source: FI.

Note: Refers to the median income before tax for the main borrower. For the years 2018–2020, converted instalments are included in the instalments *loan type*. This is illustrated in the diagram by the bars with lines.

Among borrowers with a reported income, just under one-fifth had a monthly income of less than SEK 15,000 a month.[14] Such low income was most common among borrowers with instalments, invoices and converted instalments (see Diagram 8). Among loans over SEK 100,000, 4.6 per cent of the borrowers had an income of less than SEK 15,000 a month. This percentage has decreased by almost one percentage point since FI started conducting the survey.

---

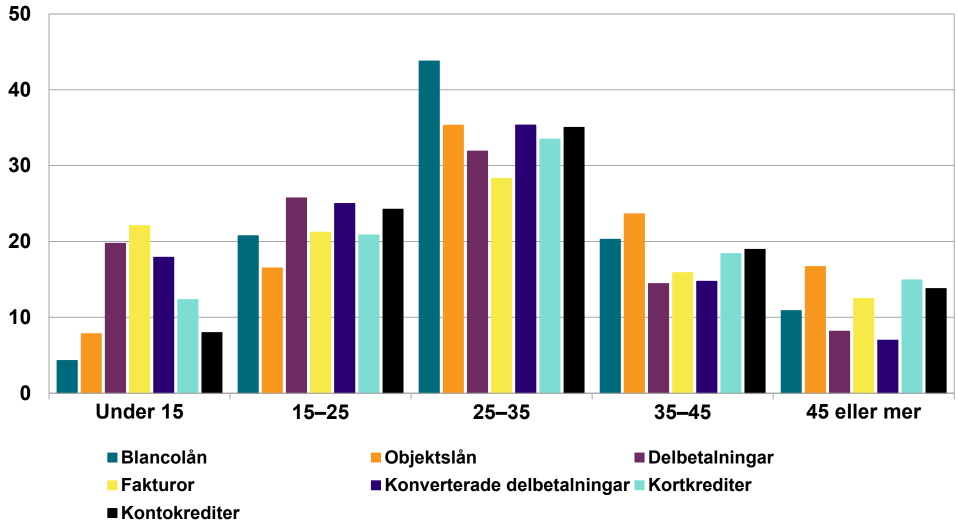
[12] Income refers to monthly income in nominal terms before tax. Borrowers with no income in the survey are not included in the calculation of the median. The median earned income for everyone in Sweden aged 20–64 was SEK 28,700 in 2020.

[13] The increase in nominal income does not give a comprehensive overview. In order to assess how income changes between years, we need to take inflation into account as well.

[14] This roughly corresponds to the share of 20–64-year-olds in Sweden who have an earned income of less than SEK 15,000 a month.

8. Income before tax (TSEK/month) broken down by loan type

SEK thousand



Source: FI.

Note: The division into income groups is based on the reported monthly income before tax of the main borrower of the loan.

Layout of the report

The rest of the report is laid out as follows. First, we show information about lenders' credit checks. Then we divide the seven loan types into two main categories. We start with three chapters that describe loans that have an agreed interest rate and amortisation, i.e., unsecured loans, non-property-backed loans, and instalments. In these chapters, we analyse the borrowers, the cost of the loans, payment problems and debt accumulation. This breakdown can clearly highlight risks associated with consumer credit. We try to follow these risks over time where possible.

We then continue with a chapter that focuses on the second main category: payments that have turned into loans, such as cost-bearing invoices, credit cards and lines of credit, and converted instalments. This chapter is divided into three sections (that follow the same structure as the chapters on loans): borrowers, costs, and payment problems. We end with a chapter on the share of borrowers that have a deficit in their finances (income minus expenses) given several different economic developments.

Lenders' credit checks

The survey shows that some lenders collect information about existing loans during their credit checks to a greater extent than in previous years. However, there are still lenders who are using too little information about borrowers' financial circumstances. Lenders also seem to use the information to a lesser extent than they did before.

There are provisions in the Consumer Credit Act on credit checks when granting loans to consumers.[15] During the credit check, which aims to prevent overindebtedness, the lender should determine whether the borrower has the financial means to repay the loan. The lender may grant the loan only after this repayment capacity has been affirmed. However, the credit check cannot guarantee that the borrower will be able to make future loan payments. For example, the borrower could experience an unexpected life event – such as unemployment, illness, or divorce – that has a negative impact on their financial situation.[16]

General guidelines' recommendations regarding credit checks

The Consumer Credit Act and its preparatory works state that the lender must collect and use information sufficient to assess, to a high degree of certainty, the borrower's repayment capacity. The preparatory works also state that this information should normally always include the borrower's income and existing loans.[17] Both FI and the Swedish Consumer Agency have issued general guidelines on how lenders should comply with the Consumer Credit Act's requirements on credit checks.[18]

FI's most recently decided general guidelines on consumer credit clarify, among other things, what information lenders should collect and use during the credit check. These general guidelines entered into force on 1 November 2021 and thus did not apply when the loan agreements in the current survey were entered into. Instead, FI's general guidelines from 2014 applied.[19] The goal of FI's new general guidelines is to give companies under FI's supervision better guidance during credit checks to strengthen consumer protection and mitigate the risk of

---

[15] See section 12 of the Consumer Credit Act (2010:1846).
[16] See Andersson, M.K., A. Bergling and M. Üye (2021), "Lån, betalningsproblem och skuld hos Kronofogden", FI Analysis 32, Finansinspektionen. An English translation is available at www.fi.se.
[17] See Bill 2009/10:242, p. 100.
[18] See the Swedish Consumer Agency's general guidelines (KOVFS 2020:1) on consumer credit and the Swedish Financial Supervisory Authority's general advice (FFFS 2021:29) on credit in consumer relationships.
[19] See Finansinspektionen's general guidelines (FFFS 2014:11) regarding consumer credit.

overindebtedness. Both the old and the new guidelines state, however, that the lender should use information about, among other things, the consumer's income, expenditures, and debts.

The European Banking Authority (EBA) has also published guidelines on lending and supervision.[20] These specify, among other things, which information relevant lenders should have access to and use when performing a consumer credit check.

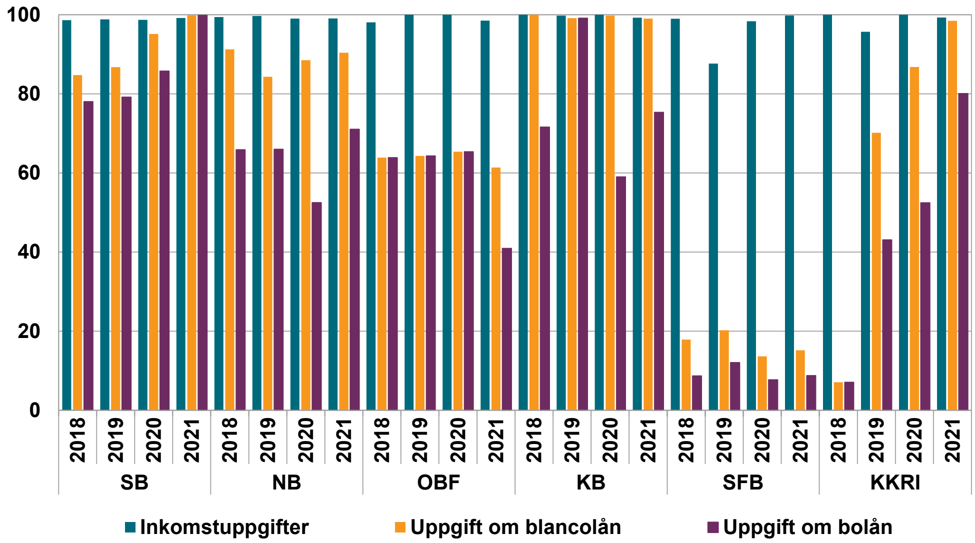
Some lenders do not collect information about existing loans

Most lenders collect income information (including when the income is SEK 0) for almost all new borrowers, but some lenders do not collect income information for smaller loans. [21] The major banks have collected more data over time and included data on existing unsecured loans and mortgages for virtually all new loans in 2021 (Diagram 9).[22] The consumer credit institutions were also more likely to collect this information, but not to the same extent as the major banks. Other lender groups do not show the same positive development. Sales-financing companies rarely collect information about the consumer's existing loans. This applies especially to smaller loans. For the remaining lender groups, the share of loans where the lender has collected information has varied between our analyses without any clear trend.[23] In general, it is still relatively common not to collect information on existing loans. Although the percentage decreases for loans over SEK 50,000, the same trend is also seen for larger loans, even though the information that normally must be collected always includes the consumer's other credit commitments.

[20] See EBA General Guidelines 2020/06.
[21] Lenders can collect information in different ways. Normally, they either collect information directly from the consumer and then verify this information or collect information from a credit rating agency.
[22] Some lenders collect information about certain existing loans, for example unsecured loans. Lenders can also collect information about loans differently from different sources. Since there is no debt register in Sweden, the information is not comprehensive.
[23] This is because some companies in these groups never collect information about existing loans, others always collect this information, and some collect information if the loan is above a certain size. The variation in the diagram is therefore largely due to the fact that the companies' market shares, both in the entire lender group and for different loan sizes, differ between years.

9. Percentage of collected data broken down by lender

Per cent



Source: FI

Note: Refers to loans over SEK 10,000. We exclude invoices because invoices with a short maturity are exempt from the credit check requirement.

Less common with discretionary income calculation for small loans

It is important that the lender collects sufficient information about borrowers from appropriate sources, but how the lender uses this information is also important.[24] Firms' decisions to issue credit can be based on various calculations, such as risk classifications, loan-to-income ratios and discretionary income calculations.[25] Generally speaking, lenders use different calculations, and these calculations vary in how much information they use about the borrower's finances. It is generally less common for borrowers to have payment problems if the credit check was based on more comprehensive information.[26]

In the survey, FI identified that circumstances affecting the scope of the credit check include the type of loan, the size of the loan and the risk tolerance of the lender. The risk tolerance of the lender is demonstrated, among other things, by which borrowers the lender accepts and the interest rate on the loans they offer.

[24] We do not know for sure how the lender uses the information they collect. However, we do know if they have information about income and existing loans. We also know whether they calculate a loan-to-income ratio or discretionary income and whether they risk-classify the loan.

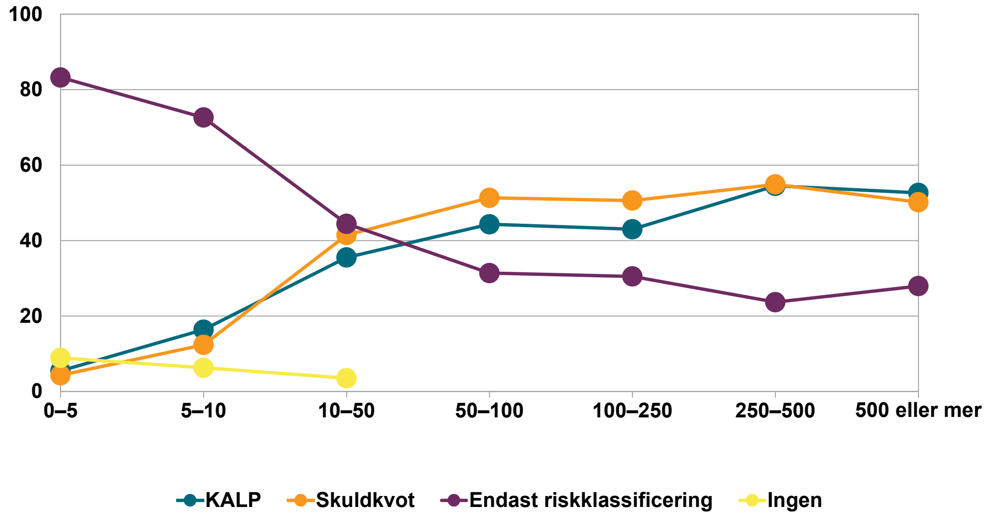
[25] The lenders may use other methods in their credit check, but we have no information about these.

[26] See Andersson, MK and G. Förster (2021), "Varför får vissa konsumtionslånetagare betalningsproblem", FI Analysis 29 and Andersson, MK and M. Üye (2021), "Långivarens betydelse för betalningsproblem", FI Analysis 35. English translations are available at fi.se.

Lenders with a low risk tolerance generally lend to borrowers with a higher repayment capacity at a lower interest rate. Regardless of the risk tolerance the lender has and how it handles credit risks, the lender must meet the consumer protection requirements on the credit check set out in the Consumer Credit Act.

For small loans, lenders often use a risk classification of the borrower (see Diagram1 0). For larger loans, the lender more frequently uses a calculation of discretionary income or the loan-to-income ratio. For some of the smaller loans, the lender did not use any of these calculations. The lenders' description of their approach to carrying out a credit check is usually a result of their business models.

10. Calculation method broken down by loan size (SEK thousand)
Per cent



Source: FI.
Note: Invoices are not included because they are exempt from credit check requirements.

Lower share with more in-depth discretionary income calculation

Discretionary income calculations are not uniform. Different lenders can collect varying amounts of information about the borrower. Some lenders use information about all types of existing loans, while others do not consider any or only some existing loans (for example, only unsecured loans).[27] This means that credit checks can vary widely, even among those using discretionary income calculations. Here we have broken down the credit check into more comprehensive information (existing loans), limited information or no discretionary income calculation. In

[27] If information on existing loans is only obtained from one credit rating agency, the size of existing loans is shown but not its repayment terms. In addition, the borrower may have a loan with a company that does not report existing loans to credit bureaus. This also points to the need for a credit register.

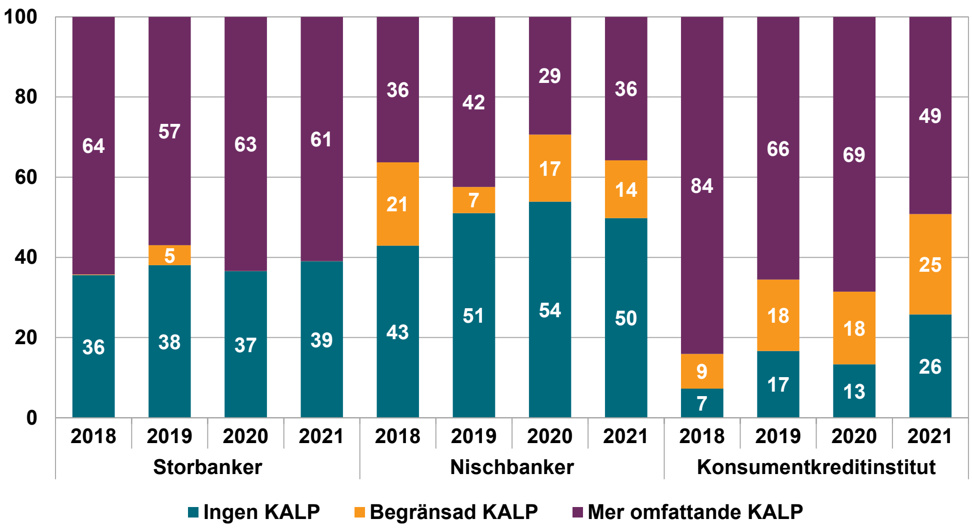
addition, there are differences in how different lenders calculate subsistence costs. Some lenders use actual costs, where such are known, and standard amounts for other costs. Actual costs often give a better picture of the borrower's finances. Other lenders only use standard amounts. In addition, these standard amounts can vary.[28]

Almost 40 per cent of unsecured loans from major banks were not preceded by a discretionary income calculation in 2021 (see Diagram1 1).[29] This is a somewhat larger share than in previous years. For the rest of the loans, the major banks have conducted a more extensive discretionary income calculation. The tendency is similar for the niche banks' credit checks, where half of the loans in 2021 were not preceded by a discretionary income calculation. They conducted a more extensive discretionary income calculation for every third loan in 2021 and a limited discretionary income calculation for the rest of the loans.

The share of loans from consumer credit institutions not preceded by a discretionary income calculation has increased from 7 per cent in 2018 to 26 per cent in 2021. Calculations of limited discretionary income have also increased. Overall, this means that the share of more extensive discretionary income calculations has decreased – from 84 per cent in 2018 to 49 per cent in 2021.

11. Discretionary income calculations for unsecured lending broken down by information used

Per cent



Source: FI.

[28] We do not have information on the extent to which the lenders collect information about any other significant expenses the consumer may have.
[29] Note that the data in the survey was collected before FI's new general guidelines went into effect.

Note: Limited discretionary income means that the lender has not used any information on existing loans. More extensive discretionary income means that the lender has used information on all or parts of existing loans.

Although the lenders do not always collect information about the new borrowers' existing loans, it is positive that there are companies and lender groups that do so to a greater extent than before. At the same time, though, it is concerning that the scope of credit checks seems to have decreased in recent years. However, current economic developments may place higher demands on borrowers' repayment capacity. Due to large changes in interest rates, subsistence costs and other expenses, it will become even more important for the credit check to use information that captures the borrower's actual income and expenses.

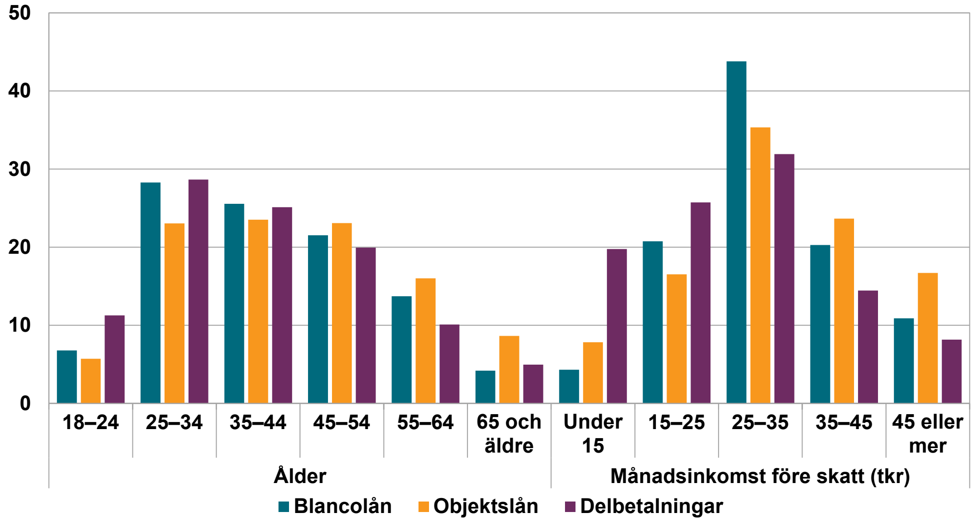
Those who take out large loans often have higher incomes

Borrowers with higher incomes borrow more than those with low incomes, but low-income earners account for around 5 per cent of loans over SEK 100,000. The share of low-income earners with large loans has decreased slightly over time.

This chapter describes those who have taken out a new unsecured loan, a new non-property-backed loan, or a new instalment (which has not been converted from another loan type). Borrowers between the ages of 25 and 54 account for a large share of all loan types (Diagram 12). Those who are older borrow to a relatively small extent for consumption compared to their share of the population. Those with an income below SEK 25,000 a month after tax use instalments to a greater extent than other loan types. Non-property-backed loans are significantly more common among those with higher incomes. Those with an income of between SEK 25,000 and 35,000 account for a large share of the larger loans. This applies in particular to unsecured loans.

12. Borrowers broken down by age and income

Per cent



Source: FI

Note: The different colours (loan types) add up to 100 for the age groups and 100 for the income groups.

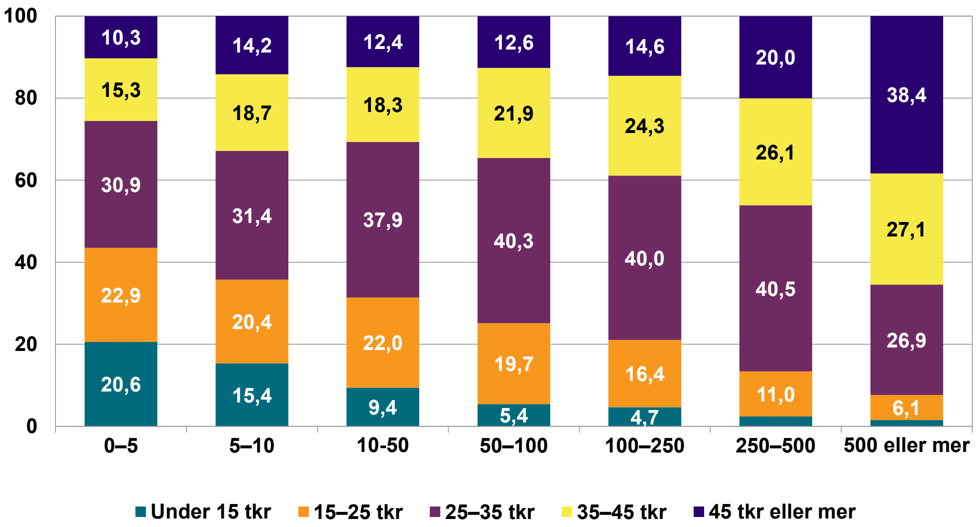
Borrowers with higher incomes borrowed larger amounts

The size of the loan is often related to the borrower's income. Borrowers with a monthly income before tax of less than SEK 15,000 were responsible for more than every fifth consumer credit of less than SEK 5,000 (see Diagram 13). Large loans are more common among borrowers with high incomes, but borrowers with lower incomes also take out large loans. Borrowers with a monthly income of less than SEK 25,000 took out every fifth loan of over SEK 100,000, and just over 7.6 per cent took out a loan of SEK 500,000 or more. This is a slightly lower share of the large loans taken out by those with low incomes compared to previous surveys.

For the largest loans, two-thirds of the borrowers had an income of over SEK 35,000 a month. It was also more common to have co-borrowers on large loans. The fact that it is often borrowers with higher incomes who take out the largest loans is good for consumer protection since individuals with low incomes are more likely to have payment problems.[30] Low-income earners are also clearly over-represented among those who have a debt registered with the Enforcement Authority.[31] Over time, the survey shows that more and more borrowers who take out large loans have a higher income.

13. Distribution of borrowers by monthly income before tax (TSEK) broken down by loan size (TSEK)

Per cent



Source: FI.

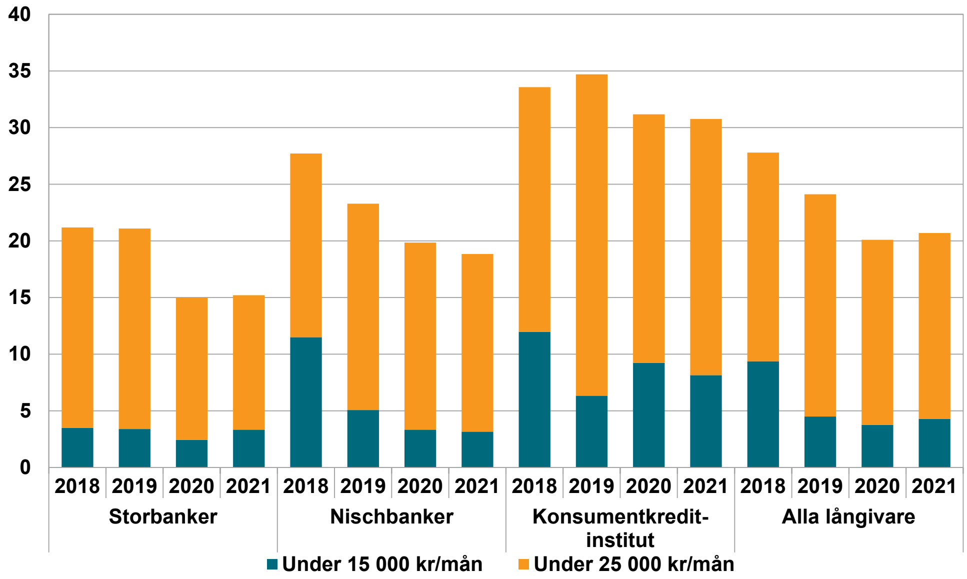
The share of borrowers with new unsecured loans who have low income has decreased since 2018 (see Diagram14). This applies to customers of major banks, niche banks and consumer credit institutions. The reduction is most noticeable among customers in niche banks. In 2021, 4 per cent of the major banks' customers had an income of less than SEK 15,000 a month after tax, and 15 per cent had an

[30] See Andersson, MK and G. Förster (2021), "Varför får vissa låntagare betalningsproblem", FI Analysis 29, Finansinspektionen. An English translation is available at www.fi.se.
[31] See Andersson MK, A. Bergling and M. Üye (2021), "Lån, betalningsproblem och skuld hos Kronofogden", FI Analysis 32, Finansinspektionen. An English translation is available at www.fi.se.

income of less than SEK 25,000. Among the consumer credit institutions' customers, the corresponding shares were 8 and 31 per cent, respectively.

14. Share of new unsecured borrowers with lower income broken down by lender group

Per cent



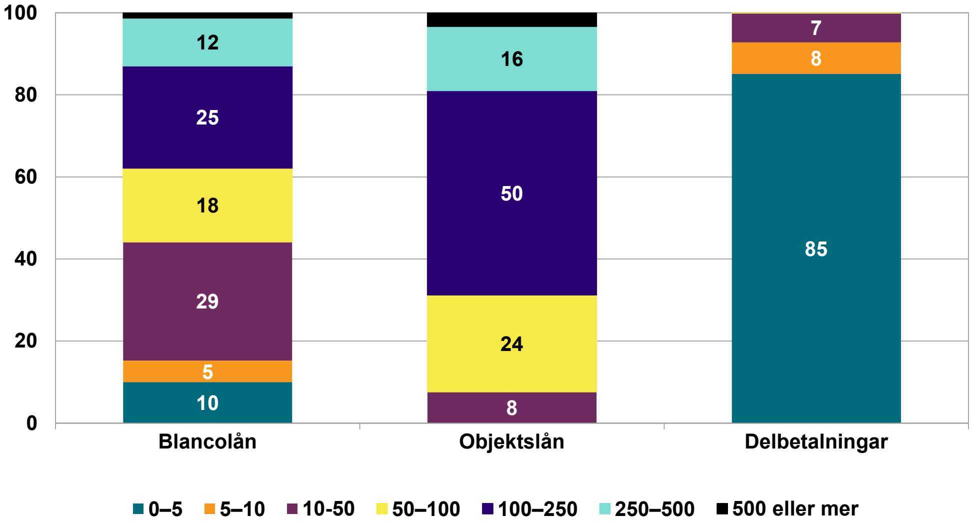
Source: FI.

Large variation in the size of unsecured loans

The distribution of the size of unsecured loans is large compared to non-property-backed loans and instalment payments. Every sixth unsecured loan was less than SEK 10,000 while one-third of the unsecured loans were greater than SEK 100,000 (see Diagram 15). Half of the non-property-backed loans are between SEK 100,000 and 250,000, and 85 per cent of the instalments are small. Overall, this means that unsecured loans are less homogeneous than other loans. In addition, the lenders that typically provide unsecured loans – major banks, niche banks and consumer credit institutions – differ significantly in relation to non-property-backed financing companies. Therefore, analyses of unsecured loans need to be broken down by size or lender group.

15. Loans broken down by size (TSEK)

Per cent



Source: FI.

In 2021, the median unsecured loan was SEK 55,000 (see Table 3). It was slightly less than in 2020. Almost all non-property-backed loans were greater than SEK 50,000, while instalments in almost all cases were less than SEK 10,000. This shows that different loan types are used for different things. It is common to use non-property-backed loans to finance car purchases and for instalments to finance smaller purchases, such as home appliances. Two out of three non-property-backed loans were greater than SEK 100,000 in 2021, and the median non-property-backed loan was SEK 140,000. This was slightly larger than in 2020.

Table 3. Loan sizes

SEK thousand

	Unsecured loans		Loans backed by non-property collateral		Instalments	
	Median	p90	Median	p90	Median	p90
Major banks	100	260	184	469	-	-
Niche banks	95	340	132	302	0.6	6
Non-property-backed financing company	-	-	134	280	-	-
Credit card company	136	440	184	560	8	17
Sales-financing company	51	189	-	-	1	13
Consumer credit institutions	6	38	-	-	-	-
Total	**55**	**286**	**140**	**318**	**0.7**	**8**

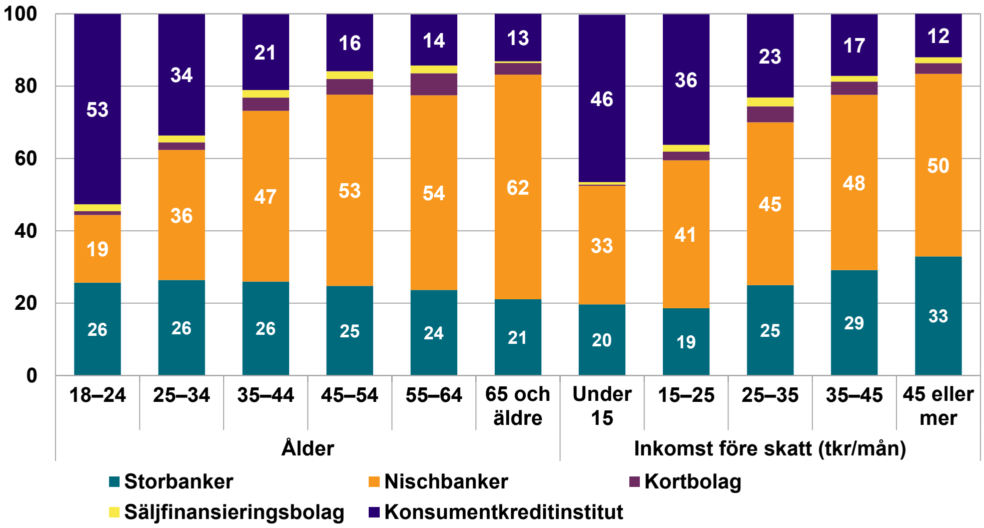
Source: FI.

Young adults borrow more often from consumer credit institutions

In the survey, the youngest borrowers, those under the age of 25, took out more than half of their unsecured loans from consumer credit institutions (see Diagram 16).[32] This share then decreased with the borrower's age. Borrowers over 45 took out over half of their loans from niche banks. We see a corresponding distribution following the breakdown into income groups. Consumer credit institutions accounted for a large share of the loans taken out by borrowers with an income below SEK 15,000 per month before tax, and niche banks accounted for a large share of loans to those with an income above SEK 45,000.

[32] Overall, lending from consumer credit institutions accounts for an even larger share than in the survey. This is because the survey covers approximately 50 per cent of the unsecured loans from consumer credit institutions and approximately 90 per cent of unsecured loans from other lender groups.

16. Unsecured loans broken down by lender, borrowers' age and income
Per cent



Source: FI.

Unsecured loans through intermediaries are often larger

People looking for a new unsecured loan can apply directly from the lender or through a loan brokerage. An application through a broker means that the borrower can receive offers from several lenders. It can be a good way for the borrower to compare lenders, and it can increase competition in lending. But a loan that utilises a credit broker can increase the cost for the borrower since the broker is paid a commission. This remuneration can ultimately affect how much the consumer has to pay for the loan.[33]

The Swedish credit brokerage market has seen strong growth over the past 10 years. Brokerage of new and restructured unsecured loans amounted to just over SEK 40 billion in 2020. Almost half of the brokered loans relate to restructuring of existing credits. The brokers' commissions amounted to approximately SEK 2 billion.[34]

An application through a credit broker means that the borrower fills out one application but receive offers from several lenders. Credit brokers often have between 15 and 40 affiliated lenders, but it is rare for all affiliated lenders to review a single application since lenders usually only review applications from the consumers who correspond to their respective target groups. In order for the lenders to only receive applications from their target groups, they therefore have

[33] There are no explicit requirements to report this type of remuneration if it is not paid directly by the consumer.
[34] See Dagens Industri, February 2021

filters, i.e., different rules, in the credit brokers' information flows. These flows control which applications are forwarded to them.

The application forms used by credit brokerages are similar. They usually ask for the requested amount, the desired maturity, the number of children, housing costs and the borrower's income. This is often insufficient information to form the basis of a credit check relating to a loan to a consumer.[35] As a rule, the consumer should also be asked about significant expenses that are not part of normal subsistence costs, for example transport costs and payments for existing loans. It is the lender's responsibility for the credit check to be based on sufficient information about the consumer's financial circumstances, even when the application goes through a credit broker.

Unsecured loans that go through brokers are often larger than loans directly from the lender. Half of those who borrow directly from a major bank borrow more than SEK 90,000 (see Table 4). Those who instead borrow from a major bank via a broker borrow more than SEK 140,000 in half of the cases. The differences are even greater among customers in other lender groups. The relative difference between those who (ultimately) borrow from consumer credit institutions is particularly large; the median loan via brokers is SEK 50,000 and the median loan directly from consumer credit institutions is SEK 5,000.

The income of those who borrow through brokers and directly from the lender does not differ much. Those who borrow directly from a major bank have slightly higher incomes than those who borrow via brokers, and those who borrow directly from a credit card company have slightly lower incomes than those who borrow via brokers. Here, too, we find the greatest difference between customers of consumer credit institutions. Those who borrow from a broker have a higher income, which may be related to the fact that the loans in this case are often larger.

Customers of large banks on average pay a similar interest rate regardless of whether the loan is brokered, and loans from niche banks are cheaper via brokers. Together, this shows that brokers can help increase competition. Customers taking out unsecured loans from credit card companies and sales-financing companies pay a higher interest rate if the loans go via a broker. Unsecured loans are not these companies' main loans, which may be why they require a higher interest rate to cover the commissions. Those who borrow from consumer credit institutions pay a significantly lower interest rate if the unsecured loan goes through a broker even if the interest rate is still high compared to other lender groups. This is probably because loans from consumer credit institutions that go through brokers are often larger than loans that come directly from lenders.

[35] See, for example, FI's general guidelines (FFFS:2021:29) on consumer credit.

Table 4. Unsecured loans through brokers and directly from lenders

Per cent, per cent, TSEK, TSEK and per cent

	Brokered loans		**Income before tax**		**Loans**		**Nominal interest rate**	
	Percentage	Distribution	Brokered	Direct	Brokered	Direct	Brokered	Direct
MB	7.7	7.2	30,0,0	32.0	140	91	4.9	4.9
NB	55.2	80.2	30.2	31.0	130	50	6.3	6.7
CC	52.5	6.8	32.0	29.2	200	100	10.0	5.1
SFC	45.3	3.2	28.0	29.8	70	40	11.8	9.0
CCrI	39.1	2.6	30.2	26.2	51	5	21.6	39.0

Source: FI.
Note: The table shows shares in the first two columns and medians in the other columns. *Share* refers to the share of the respective lender group's lending and Distribution means distribution of brokered loans. *Brokered* means brokered loans, and *Direct* refers to loans that come directly from the lender.

Consumers with a record of non-payment can get a loan, but this has become rarer

Some lenders do not lend to borrowers with a record of non-payment or debt collection notices, but some companies lent to borrowers who had a record of non-payment or recently received a debt collection notice.[36] If the lender orders a credit check, the credit check will contain information about any records of non-payment the consumer has. A record of non-payment normally stays in the credit rating agency's register for three years. There can be cases where the lender has granted a loan despite an active record of non-payment if the three-year period will end soon. We cannot see in our survey how old the records of non-payment were at the time of the loan. We also do not know what has caused the record of non-payment. Our information on whether the borrower has received a debt collection notice within the six months prior to the new loan only applies to notices regarding loans with the same company.

Almost 3 per cent of borrowers taking out an unsecured loan in 2021 had at least one record of non-payment at the time of the new loan. This was just under one percentage point lower than in 2020. The share of the volume with a record of non-payment was approximately 1.5 per cent in both 2020 and 2021. When it comes to granting loans despite records of non-payment, there are clear differences between the lender groups. At the major banks and niche banks, there were hardly any borrowers with records of non-payment. It was most common for new borrowers to have records of non-payments among customers of sales-financing companies, credit card companies and consumer credit institutions. In addition, the variation

[36] FI collects information on whether the borrower has received a debt collection notice within the six months prior to the new loan.

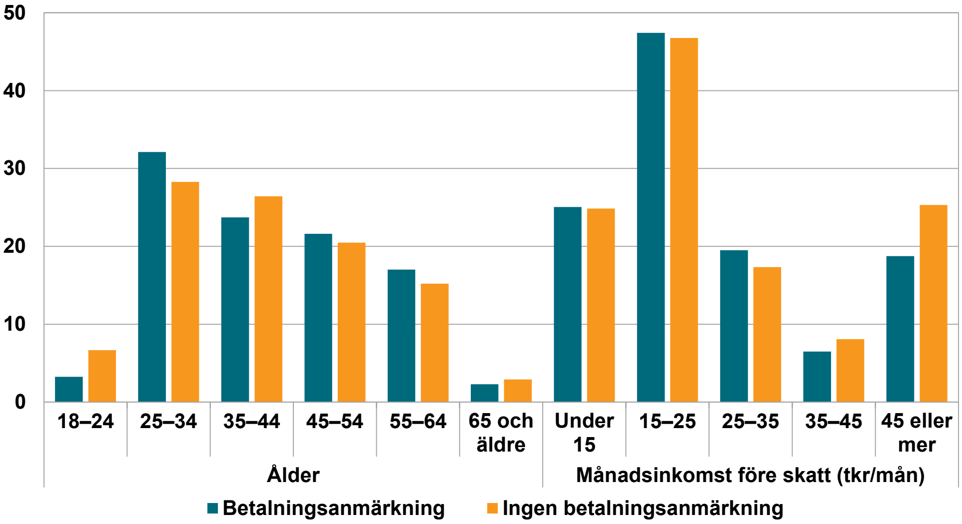
was large between individual companies. The majority of the credit card companies and half of the consumer credit institutions do not grant loans to customers who have a record of non-payment.

Among the companies that accept records of non-payment, the share with such a record varies from a few per cent to up to every other borrower. Lending broken down by age and income groups looks similar for the borrowers who had records of non-payment and those who had no such records (see Diagram 17). This indicates that the lenders do not differentiate between those with and without a record of non-payment. Lenders could require, for example, a higher income to lend to people with a record of non-payment.

It is less common for the lender to lend to consumers who have received a debt collection notice (from the lender in question) within the six months prior to the new loan. We find a few individual lenders among niche banks, sales-financing companies and consumer credit institutions that accept borrowers with debt collection notices. These borrowers make up between 1 and 5 per cent of the customers of those companies. Since many lenders offer similar loans, it is possible that borrowers who recently received a debt collection notice from one company may choose to borrow from another company. Therefore, previous debt collection notices say relatively little about new unsecured loans.

17. Breakdown of borrowers with and without records of non-payment broken down by age and income

Per cent



Source: FI.

Sold loans break the link between lending and loan handling

Some lenders sell their loans. When loans are sold, this also means that it is the buyer who sends any unpaid bills for the loans for collection notices, payment injunctions and collection. Some lenders sell only non-performing loans, while others sell all loans right away to get them off their balance sheet. Regardless of why the lender resells the loan, this breaks the link between the lending and the handling of the loan. This means that data on debt collection notices and payment reminders do not provide a comprehensive overview from the lenders who are selling loans. Consumer credit institutions are most likely to sell their loans, with 40 per cent doing so, although there are some niche banks that sell their loans as well.

Small loans often have high interest rates

Consumer credit can be expensive for the borrower. Large loans burden the borrower's finances for a long time, while small loans often have high interest rates and high fees in relation to the loan size. One in ten borrowers with a new unsecured or non-property-backed loan pays 20 per cent or more of their after-tax income in interest and amortization for the new loan.

Lenders can make money on large loans over a long period of time or on small loans over a short period of time. In the latter case, the loan often has a higher interest rate. There are also companies that offer loans associated with higher risk, for example loans to borrowers with low incomes or records of non-payment. The interest rates on those loans are high because the borrower wants to be paid for the risk. Small loans with high interest rates are offered mainly by consumer credit institutions. In September 2018, new rules for high-cost credits were introduced in the Consumer Credit Act.[37] The rules introduced, for example, a ceiling on both the nominal interest rate and the total cost. As a result, small unsecured loans with high interest rates decreased sharply between 2018 and 2019. [38]

Costs for small unsecured loans still high

Consumer credit often has high interest rates, and this applies in particular to small unsecured loans. The average nominal interest rate on unsecured loans in the 2021 survey was 11.6 per cent. Half of the loans had an interest rate below 6.9 per cent (see Table 5). Loans from consumer credit institutions often had nominal interest rates of almost 40 per cent, which were the highest among the lender groups in the survey. Unsecured loans from major banks had the lowest interest rates. Non-property-backed loans generally had lower interest rates than unsecured loans. This is because they have collateral that can often be sold if the borrower experiences payment problems, which makes the non-property-backed loans less risky.

[37] See *Act amending the Consumer Credit Act*, SFS 2018:478.
[38] See Andersson, MK, T. Aranki and A. Hult (2020), “Färre högkostnadskrediter efter nya regler”, FI Analysis 22, Finansinspektionen. An English translation is available at www.fi.se.

Table 5. Nominal interest rates, broken down by loan type and lender

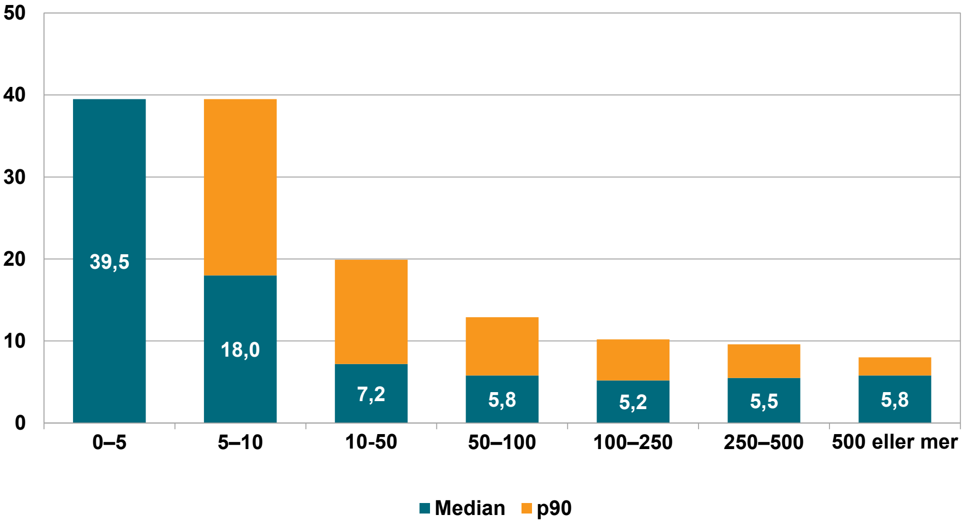
Per cent

	Unsecured loans		Loans backed by non-property collateral		Instalments	
	Median	**p90**	**Median**	**p90**	**Median**	**p90**
Major banks	4.9	6.9	3.2	5.0	-	
Niche banks	6.3	11.9	4.0	5.0	0	19.9
Non-property-backed financing company	-	-	4.0	5.0	-	
Credit card company	7.0	15.0	3.0	4.0	5.0	8.0
Sales-financing company	10.3	19.7	-	-	0	19.9
Consumer credit institutions	39.0	39.5	-	-	-	-
Total	**6.9**	**39.5**	**4.0**	**5.0**	**0.0**	**19.9**

Source: FI.

It is also clear that there are large differences between the interest rates offered to borrowers with unsecured loans, especially when it comes to smaller loans. Among the smallest loans (SEK 0–5,000), around 95 per cent had an interest rate close to the interest ceiling of 39.5 per cent (see Diagram 18). These loans are offered almost exclusively from consumer credit institutions. Among the loans of SEK 5,000–10,000, approximately one in four borrowers had a nominal interest rate that corresponded to the interest rate ceiling. The median interest rate among unsecured loans of SEK 500,000 or more was almost 6 per cent, and one in ten loans had an interest rate of over 8 per cent. These loans are offered by both major banks and niche banks.

18. Nominal interest rates on unsecured loans, broken down by loan size (TSEK)
Per cent



Source: FI.

The small loans with a high interest rate have a short agreed maturity, for example one month, and there are often fees in addition to the nominal interest rate. This means that the effective interest rate for small loans is significantly higher than for larger loans (see Table 6). The total cost in SEK for small loans is small, especially if the borrower pays the interest for a short period of time, but in relation to their size, small loans cost a lot. Borrowers who take out small loans may lack savings and have small margins in their finances. Therefore, costs for small loans can have a tangible impact on the borrower's finances.

Table 6. Effective interest rates, broken down by loan type and lender

Per cent

	Unsecured loans		Loans backed by non-property collateral		Instalments	
	Median	p90	Median	p90	Median	p90
Major banks	5.2	7.6	4.0	6.5		
Niche banks	6.9	13.8	5.2	8.0	21.8	21.8
Non-property-backed financing company	-	-	5.0	7.2	-	-
Credit card company	7.4	16.9	3.8	6.1	21.5	52.7
Sales-financing company	11.6	26.1	-	-	1.6	29.4
Consumer credit institutions	819.1	107820	-	-	-	-
Total	**7.7**	**3661**	**4.9**	**7.4**	**21.8**	**29.3**

Source: FI

Instalments also had relatively high effective interest rates. Half of the borrowers paid more than 20 per cent in effective interest, and one in ten borrowers paid almost 30 per cent or more. The non-property-backed loans had the lowest interest rate – this applies to both the nominal and effective interest rates as well as both the median and the 90th percentile. In terms of unsecured loans, those who borrowed from major banks had the lowest effective interest rates. That median was just over 5 per cent in 2021. At niche banks and credit card companies, which also issue large unsecured loans, the medians were higher, around 7 per cent. The consumer credit institutions had the highest effective interest rates. Their median was nearly 820 per cent.

Higher risk often leads to higher interest rates

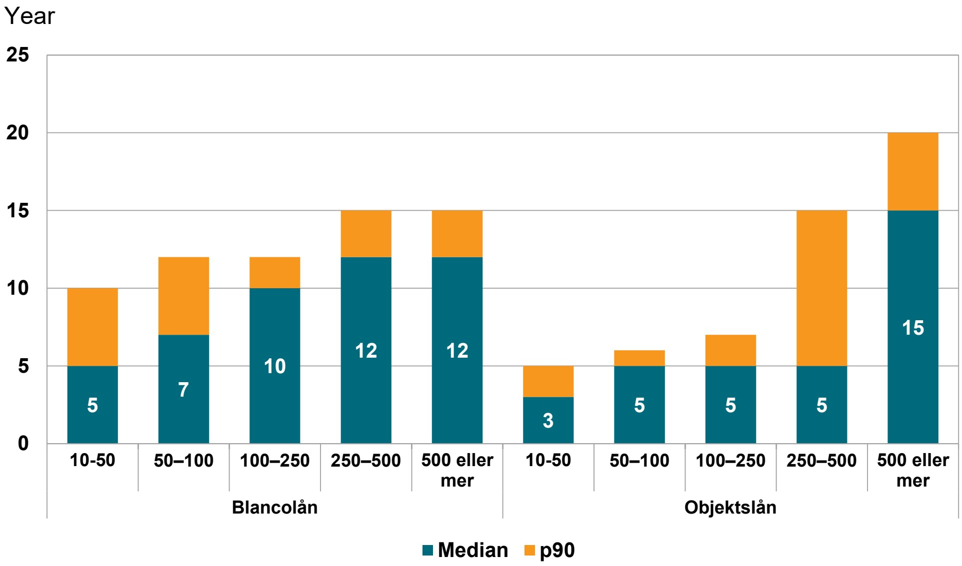
There is a connection between the borrowers' income and the interest they pay on their unsecured loan. This is mainly because borrowers with higher incomes take out larger loans, which have lower interest rates. But the interest rate also reflects how much risk the borrower has of experiencing payment problems. For borrowers with a monthly income of less than SEK 15,000 before tax that take out an unsecured loan, one-third had a nominal interest rate of 15 per cent or more. For those with low monthly incomes, very few had a nominal interest rate below 5 per cent. For the group with the highest incomes, 7 per cent of borrowers had a nominal interest rate of over 15 per cent, and over half (56 per cent) had a nominal interest rate of less than 5 per cent.

The maturity increases with the size of the loan

It is natural for larger loans to have a longer repayment period than small loans. The size of the loan, maturity, amortization schedule and interest rate determine the monthly payment. This means that a larger loan can have approximately the same monthly payment as a smaller loan. Among the smallest loans, up to SEK 5,000, almost all had a maturity of less than 1 year, and the median was 5 months. For the largest loans, of SEK 500,000 or more, half of the unsecured loans had a maturity of 12 years or longer (see Diagram 19).

Non-property-backed loans had a shorter maturity than unsecured loans of the same size. The exception is the largest loans, where every other non-property-backed loan had a maturity of 15 years or longer. This is connected to the fact that there are only a few lenders who offer such large non-property-backed loans, and those lenders often offer loans with long maturities. This is also reflected to some extent in the 90th percentile for non-property-backed loans of between SEK 250,000 and 500,000.

19. Maturity (years) for unsecured loans and non-property-backed loans broken down by loan size (TSEK)



Source: FI
Note:: Maturities for unsecured loans under SEK 10,000 have been excluded from the diagram.

The maturities for large unsecured loans have not changed over time. This applies to both the median and the 90th percentile for the maturities. On the other hand, the median maturity for large non-property-backed loans has decreased.

Fewer borrowers with large loan payments relative to income

The larger the loan payments are in relation to the borrower's income, the more sensitive the borrower is to higher interest rates or loss of income. We have calculated the size of the borrower's monthly payment and its share of the borrower's income *after* tax.[39] The monthly payments consist in our calculations of agreed interest and amortisation payments. We disregard the interest deduction in the calculation of the debt service ratio.[40] This provides a more accurate picture of the borrower's actual monthly payment. Both the median loan and every tenth loan (the 90th percentile) are larger among non-property-backed loans than among unsecured loans (see Table 7). In addition, most non-property-backed loans (except the largest) have a shorter maturity than unsecured loans. This means that the payments for non-property-backed loans are usually larger, even though they have a lower interest rate than unsecured loans.

[39] In the calculation, we have used the agreed interest rate and annuity amortisation. The calculations do not take into account costs other than interest and therefore underestimate the cost for some borrowers.

[40] A borrower who pays tax can claim a deduction for the interest cost of the loan. The interest deduction is 30 per cent up to a deficit of SEK 100,000 and thereafter 21 per cent on excess amounts. For an overview of interest deductions, see Almenberg and Andersson (2020).

Table 7. Costs broken down by loan type

The median and the 90th percentile

		Unsecured loans	Loans backed by non-property collateral	Instalme nts
Size (SEK thousand)	Medi an	55	140	0.7
	p90	286	318	7.8
Maturity (years)	Medi an	7	5	1
	p90	12	7	3
Interest (nominal)	Medi an	6.85	3.95	0
	p90	39.5	4.95	19.9
Interest (effective)	Medi an	7.7	4.9	21.8
	p90	3661	7.4	29.3
Payment (Annuity)	Medi an	1089	2542	58
	p90	3406	7262	1199
LBK (Annuity)	Medi an	4.9	10.8	1.6
	p90	14.5	33.2	18.3

Source: FI.
Note: Payment is monthly payment given an annuity. LSR is loan service ratio, which is calculated as loan payment (interest and amortization) divided by income after tax.

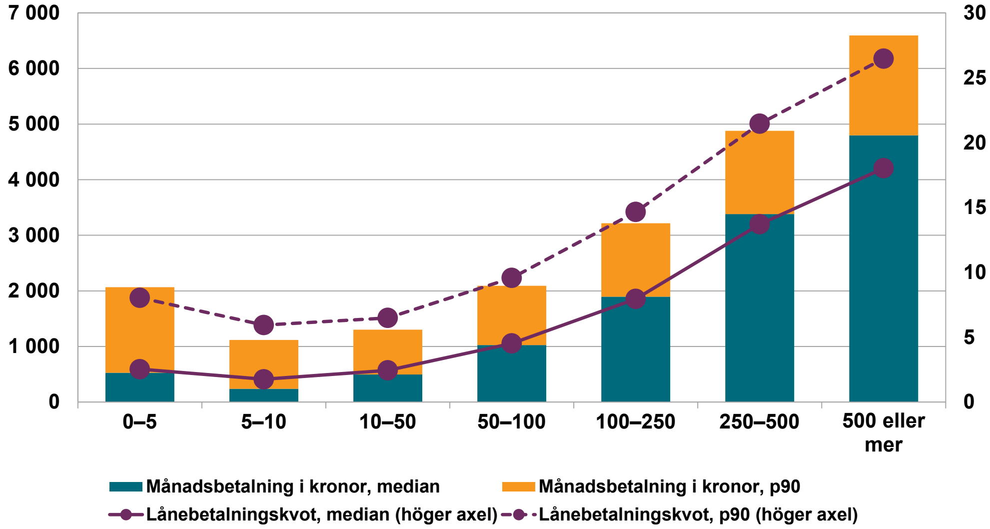
Generally, the loan payments are related to the size of the loan, but the very smallest loans (under SEK 5,000) usually have a high interest rate and a short repayment period. Therefore, they can have a relatively large impact on the borrower's finances, albeit for a short period of time.

Half of borrowers with new unsecured loans of less than SEK 5,000 paid more than 3 per cent of their income on the new loan (see diagram 20). Those who have small loans with high loan payments – the 90th percentile is SEK 2,000 a month – pay more than 20 per cent of their income in interest and repayments. This can be compared to the fact that half of those who borrowed over SEK 500,000 paid more than 20 per cent of their income in interest and amortization. And one in ten with the largest loans paid just over SEK 6,500 in loan payments, which corresponded to 30 per cent of income.

The loan payment ratios broken down by loan size are similar for non-property-backed loans and unsecured loans. This is because borrowers with property-backed loans have higher incomes than those who take out unsecured loans. This compensates for the fact that non-property-backed loans often have higher loan payments (measured in SEK).

20. Loan service ratio and monthly payment (SEK) for unsecured loans, divided by loan size (TSEK)

SEK, Per cent



Source: FI.

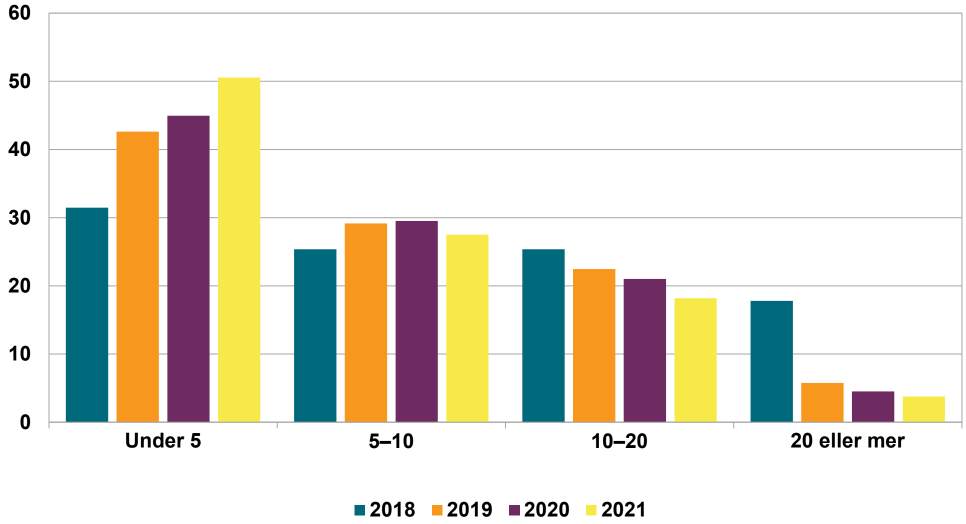
Note: Refers to calculated loan service ratios and monthly payments at agreed interest rates and annuity amortization amounts.

Loan service ratios for unsecured loans from major banks and niche banks were relatively unchanged between 2020 and 2021. For customers of major banks, loan service ratios increased slightly, and for customers of niche banks, they decreased slightly. We see that the customers of consumer credit institutions, who often take out small loans, have decreasing loan service ratios over time. If the companies have compensated for the lower interest rate (due to the interest rate ceiling) with higher fees, the actual loan service ratios decreased less than in our calculations.[41] Overall, we see that the share of borrowers with small loan service ratios, below 5 per cent of income after tax, has increased over time (see Diagram 21). At the same time, those who pay more than 10 or 20 per cent of their income in interest and amortisation have decreased.

[41] Our loan service ratios lack information on both set-up fees and regular fees.

21. Distribution of loan service ratios for unsecured loans over time

Per cent



Source: FI.

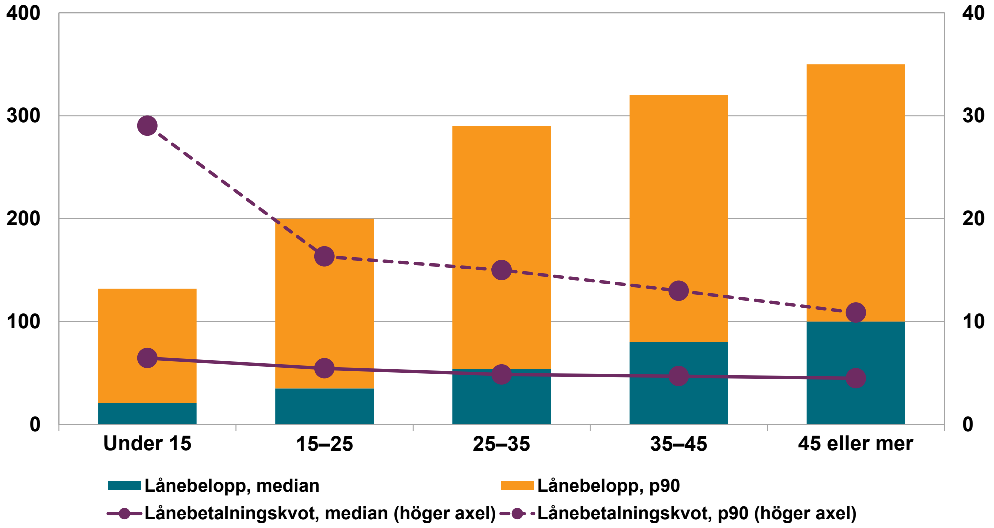
Note: Refers to calculated loan service ratios with agreed interest rates and annuity amortisation amounts.

Borrowers with low incomes paid more relative to their income

Low-income borrowers pay a greater share of their income in interest and amortisation compared to higher-income borrowers. This applies to both the median borrower and the 90th percentile. Those who had more than SEK 45,000 in income borrowed SEK 100,000 in median (see Diagram 22). Despite this, every second borrower with an income of less than SEK 15,000 before tax and a new unsecured loan paid 7 per cent of their income on the loan, while every second borrower with an income of over SEK 45,000 and a new loan paid just under 5 per cent of their income. The difference between low- and high-income borrowers' loan service ratios increases if we instead start from those in each group who pay a lot (the 90th percentile). One in ten borrowers in the lowest income group paid one-third of their income on the new loan, and one in ten borrowers in the highest income group paid almost 12 per cent of their income. This shows that the spread is greater among low-income borrowers, which reflects that low-income borrowers sometimes take out large loans.

22. Principal amounts and loan service ratios, divided by monthly income before tax (TSEK)

TSEK, Per cent



Source: FI.

Note: Refers to medians for principal amounts and calculated loan service ratios for annuity amortisation.

Since 2021, the economic outlook has worsened and inflation has increased. In addition, interest rates have risen and are expected to continue to rise. This may mean that those who have high consumer credit may have to pay a larger share of their disposable income in interest. Furthermore, the probability that income will decrease, through unemployment, has increased. Overall, this means that more people may find it difficult to bear the cost of the loan.

The total cost of the loan depends on the size, interest rate and maturity

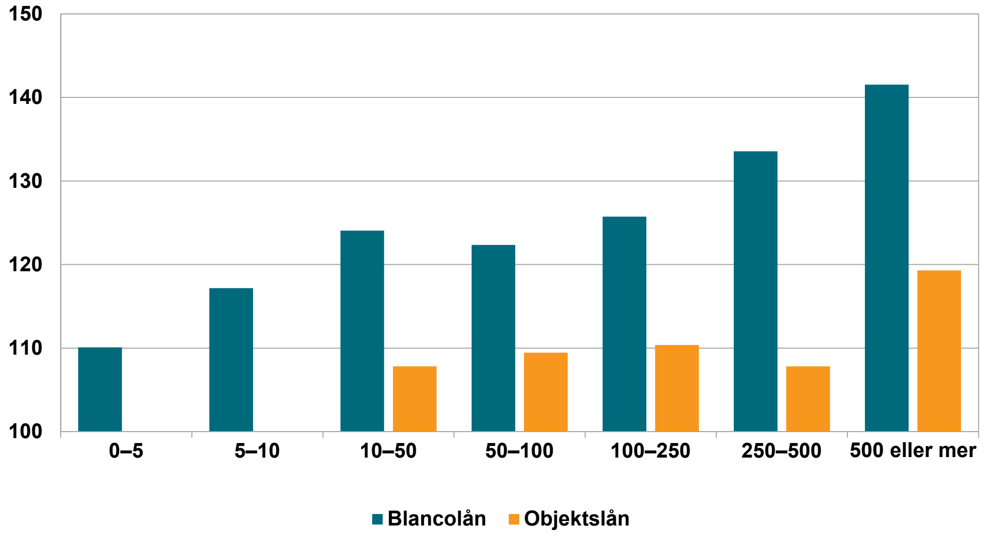
The total cost of the loan (across the entire term) depends on interest rates and fees. The maturity of the loan also affects the cost. If the loan has a long maturity, and the borrower does not pay off the loan early, this means that the borrower pays interest for a longer period of time. This results in a greater total cost. When choosing a maturity, there is thus a trade-off for the borrower. A short repayment period results in larger monthly payments and a lower total cost, compared to a longer maturity.

We have calculated the loan's repayment ratios as the total amount repaid divided by the loan's original size. Half of those with small unsecured loans (up to SEK 5,000) paid more than 10 per cent of the loan in costs (see Diagram 23). Loan payment ratios increase with the size of the loan even though the interest rate often decreases with the size of the loan. This is because the maturity usually also increases with the size of the loan. Half of those who took out a new unsecured loan of over SEK 500,000 paid more than 40 per cent of the loan's size in interest and fees during the maturity of the loan.

Non-property-backed loans often have a shorter maturity than unsecured loans of the same size. And they have a lower total repayment than unsecured loans. Non-property-backed loans had loan service ratios (medians) between just under 110 and 120 per cent. And the ratios do not differ much between loan sizes. The comparison of repayment ratios between unsecured loans and non-property-backed loans also shows the importance of the maturity for the total cost.

23. Repayments relative to the size of the loan broken down by loan type and size

Per cent



Source: FI.

Payment problems and debt build-up

Payment reminders and debt collection notices are early signs of payment problems. Payment problems typically decrease with the borrower's age and income, but it is mainly the combination of borrowers and lenders that affects how common payment problems are. Almost one out of six borrowers from a consumer credit institution receives a debt collection notice within eight months. This is a significantly larger percentage than for loans from other lenders.

Early payment problems

FI's previous analyses have shown that young borrowers experience payment problems not long after having taken out a new loan more often than other age groups.[42] Likewise, it is more common for low-income borrowers to experience problems, regardless of age group. The occurrence of early payment problems is reduced if the borrower has a high income or surplus in a KALP calculation. In addition, FI's analyses show that if the lender has requested (and used) more extensive information about the borrower, fewer borrowers have payment problems.

Signs of potential payment problems include borrowers rescheduling loans, extending loans, or extending the maturity of the loan. Here, we describe the payment problems with a chain where payment reminders are the first sign we are able to observe in the analysis. After that, a debt can be turned over to a debt collection company and, ultimately, registered with the Enforcement Authority.[43] The different stages are associated with additional costs. A reminder currently entails an extra cost of SEK 60. For debt collection notices, the cost for the borrower is currently SEK 180. In the 2020 and 2021 surveys, we can follow whether the borrowers received payment reminders and debt collection notices within the first eight months of the loan.[44] Payment problems can also arise after that, but we cannot see them in the analysis.

If the borrower does not pay a debt collection notice, the company can apply for a payment order from the Enforcement Authority. There is then an additional cost of SEK 300 plus a potential charge of SEK 360 for legal fees. Finally, a debt can also

[42] See Andersson, MK and G. Förster (2021), “Varför får vissa konsumtionslånetagare betalningsproblem?”, FI Analysis 29. An English translation is available at www.fi.se.
[43] See FI Analysis 29 and 32 for more detailed descriptions of payment problems.
[44] For credit cards and lines of credit, the period is ten months. For the years 2018 and 2019, we were able to follow early payment problems for five months.

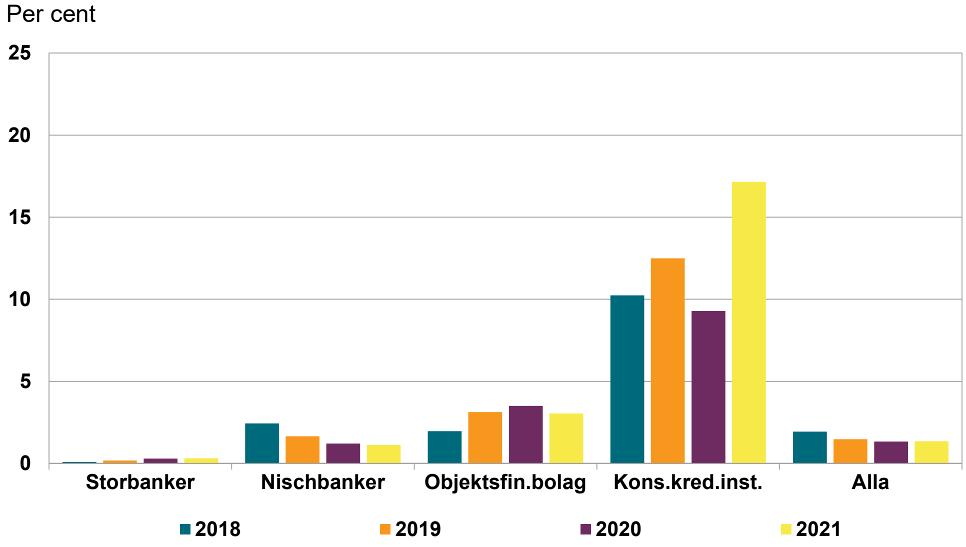
be registered with the Enforcement Authority. It is then submitted for collection, which is also associated with an additional fee of SEK 600 for the borrower.

The chain of payment problems can be more complicated than the above description. For example, a borrower may take out new (larger) loans to pay off the loans that originated the debt collection notice, and it is these consolidated loans that can later lead to serious payment problems. In previous analyses, we have shown that small loans lead to reminders and debt collection claims more often than large loans.[45] Since borrowers with small loans can often pay before they experience serious payment problems, it is more common for borrowers with several or larger loans to have debts registered with the Enforcement Authority.

Loans from major banks rarely lead to debt collection notices shortly after they have been granted – the share that received a debt collection notice within five months increased slightly from 0.1 per cent in 2018 to 0.3 per cent in 2021 (see Diagram 24). The share of borrowers at niche banks who received debt collection notices during the same period was higher than at major banks but has decreased over time. Debt collection notices increased slightly among the customers of non-property-backed financing companies between 2018 and 2020 but decreased in 2021. Overall, the share of new unsecured and non-property-backed loan borrowers who receive a debt collection notice has decreased from almost 2 per cent to just under 1.5 per cent. Despite the general reduction, there is still a high share of borrowers at consumer credit institutions who receive a debt collection notice. About 17 per cent of their borrowers received a debt collection notice within five months. It is the highest number since FI began its survey.

[45] See Andersson, MK, A. Bergling and M. Üye (2021), “Lån, betalningsproblem och skuld hos Kronofogden”, FI Analysis 32. An English translation is available at www.fi.se.

24. Share of borrowers receiving a debt collection notice within five months of the new loan



Source: FI
Note: The calculations are based on the companies that do not sell loans and have been included in the survey every year. The diagram shows unsecured and non-property-backed loans in total.

Many debt collection notices from consumer credit institutions

The share of unsecured borrowers who received a debt collection notice within eight months of the new loan was 1.6 per cent. The share was greater among men and those who took out small loans. The fact that small loans more often lead to debt collection notices is due to the fact that they are loans from lenders with a higher risk tolerance (compare with Diagram 25). There was a larger share of borrowers with new non-property-backed loans who received debt collection notices. And these shares were relatively evenly distributed between different loan sizes. Another difference compared to unsecured loans is that there was a greater share of women who received debt collection notices. Among those who made purchases using instalments, almost 9 per cent received debt collection notices. The share was larger among men and the largest among those who had the largest instalments.

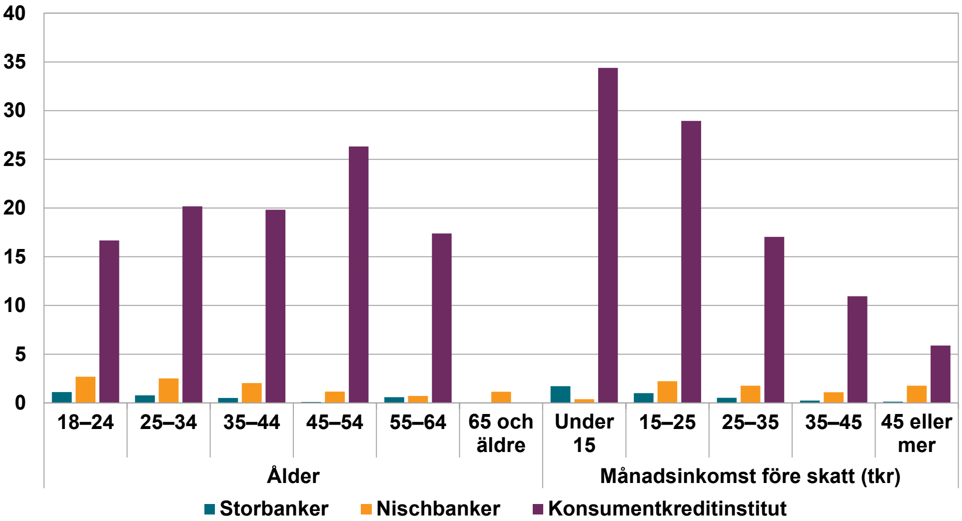
Overall, the share of borrowers with new unsecured loans who received a debt collection notice within eight months has decreased compared to our last report. This is largely due to the fact that we use data from fewer consumer credit institutions in this year's report.[46] However, the general conclusions from previous reports still hold: the share of unsecured loan borrowers among those who borrow

[46] Since we use a sample of lenders, the composition of the sample will affect the total figures. It is therefore most informative to break down the results by lender group.

from major and niche banks who receive a debt collection notice is greatest for younger age groups and for low-income borrowers (see Diagram 25). But the shares are relatively small. It is a significantly larger share of borrowers from consumer credit institutions who receive debt collection notices – approximately one in six. In terms of age, these shares are relatively similar, but it is more common for younger age groups to borrow from consumer credit institutions (older age groups borrow more often from major banks and niche banks). Broken down by income, we see that roughly one in three borrowers at consumer credit institutions with an income of under SEK 15,000 before tax receives a debt collection notice, which can be compared to just under 6 per cent of those with an income of over SEK 45,000 receiving a debt collection notice. This is still significantly more than the customers at major banks, where 0.1 per cent of those with the highest incomes receive a debt collection notice.

25. Share of borrowers who received a debt collection notice after eight months, broken down by age, income and loan type

Per cent



Source: FI.

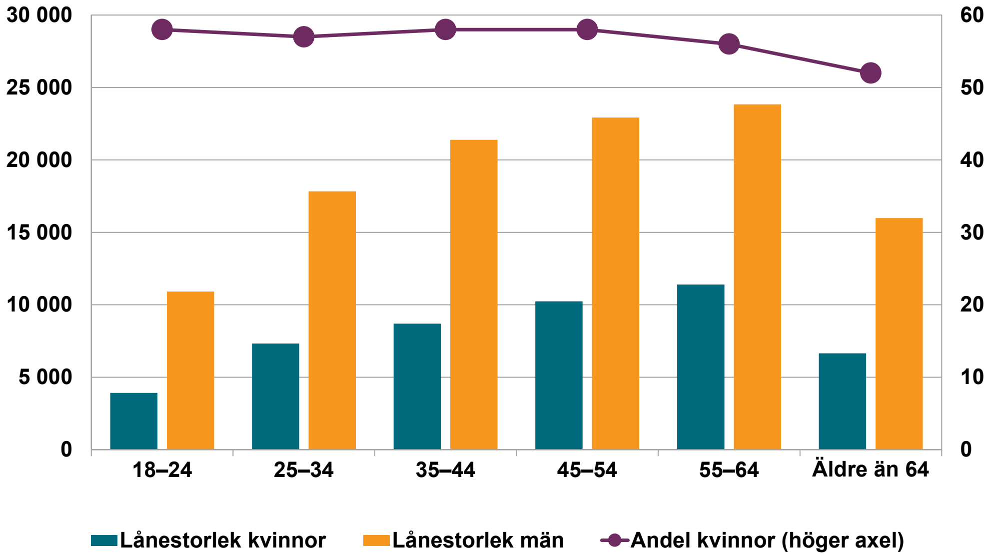
The comparison above between different company groups is not exhaustive. Consumer credit institutions almost exclusively provide small loans, and many of these loans have a short maturity. Therefore, debt collection claims within eight months give a relatively good picture of the total share of borrowers who experience early payment problems. Major and niche banks generally offer larger loans that have a longer maturity. Those who take these loans can potentially receive debt collection notices for several years. The eight-months measure, therefore, may not display the full extent of payment problems for these borrowers. Previous analyses show that almost 18 per cent of customers of consumer credit institutions receive a debt collection notice over a period of one year.[47] This is largely in line with the data from the survey. About 1 per cent of the major banks' customers and just over 2 per cent of the niche banks' customers receive a debt collection notice every year. These shares are larger than those in our survey.

In-depth analysis – Largest share of payment problems among young men

This fact box reports the share of borrowers who receive a debt collection notice or payment order or has their debt registered (enforcement decision) with the Enforcement Authority and the share that retain the debt one year later.[48] We have broken down these payment problems by gender and age.[49]

26. Income before tax for new consumer credit borrowers broken down by age and gender

SEK and per cent



Source: FI.

Note: The diagram shows the median income, i.e., the income of the borrower in the middle of the distribution for each category.

Men take larger loans than women (see Diagram 26). This is probably because men have higher incomes and are more prone to risk-taking.[50] Men borrow more

[47] See Andersson, MK and M. Üye (2021), "Långivarens betydelse för betalningsproblem", FI Analysis 35, Finansinspektionen. An English translation is available at www.fi.se.
[48] Here we study existing consumer credit (from aggregate data in the survey).
[49] For more information on payment problems in these groups, see Andersson, M.K. and M. Üye (2022), "Utlåning och betalningsproblem bland kvinnor och män", FI Analysis 38, Finansinspektionen. An English translation is available at www.fi.se.
[50] See, for example, Eckel and Grossman (2008), "Men, Women and Risk Aversion: Experimental Evidence", Handbook of Experimental Economic Results.

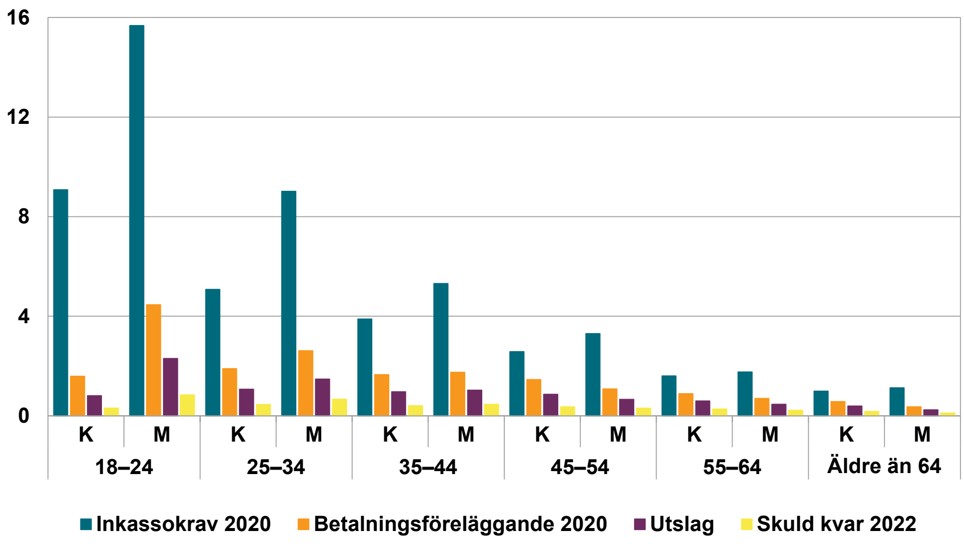
often from major and niche banks, which typically offer larger loans. Women borrow more often than men. This is related to women often making more purchases on invoice (both in general and those that are interest-bearing) and instalments. Both of these loan types are numerous in number and small in amount. The loan size also increases with the borrower's age. The share of borrowers with payment problems decreases with age (see Diagram 27).

The difference between women and men is noticeable both in early and serious payment problems. There is consistently a larger share of men who receive a debt collection notice. There is also a greater share of men who experience serious payment problems among borrowers under the age of 45. The reasons why men have these payment problems to a greater extent may be that they are more willing to take risk and, therefore, they borrow larger amounts in relation to their income.

Among borrowers over the age of 45, there is a greater share of women who receive payment orders from and have a debt registered with the Enforcement Authority. This may be due to the fact that some life events – for example divorces – generally hit women harder due to their lower incomes compared to men. The difference between the age groups decreases with the severity of the payment problems. Therefore, debt collection notices are a clearer sign of payment difficulties for older borrowers. The fact that younger age groups are more likely to receive, but pay, debt collection notices may be due to the fact that they are less experienced in managing payments and more often willing to postpone payments (and accept the cost this entails).

27. Share of consumer credit borrowers with payment problems at different stages, broken down by age and gender

Per cent



Source: FI and the Swedish Enforcement Authority.
Note: Enforcement decision means that the debt has been identified for collection. Residual debt means a debt is registered with the Enforcement Authority in March 2022 due to a payment order in 2020.

Signs of debt build-up

For most unsecured loans, non-property-backed loans and credit cards, there is information in the survey about the borrower's existing loans. The information has been requested from a credit rating agency during the credit check or directly from the borrower. In the case of instalments, invoices, converted instalments and lines of credit, information was often missing on whether the borrower had, for example, existing consumer credit or a mortgage.

Just over 3 out of 4 unsecured loan borrowers already had existing unsecured loans when the loan in the survey was granted (see Table 8). Of these, approximately half had existing unsecured loans that exceeded SEK 100,000. However, it is unknown whether the borrowers kept their existing loans or chose to settle them in connection with the disbursement of the new loan. Just under 37 per cent of unsecured loan borrowers had existing loans collateralised by something other than housing. Existing consumer credit was also common among non-property-backed loan borrowers. Approximately one third had existing unsecured loans that exceeded SEK 100,000 when the non-property-backed loan in the survey was granted.

Table 8. Share of borrowers with unsecured loans and non-property-backed loans who had existing consumer credit when the loan was taken out

Per cent

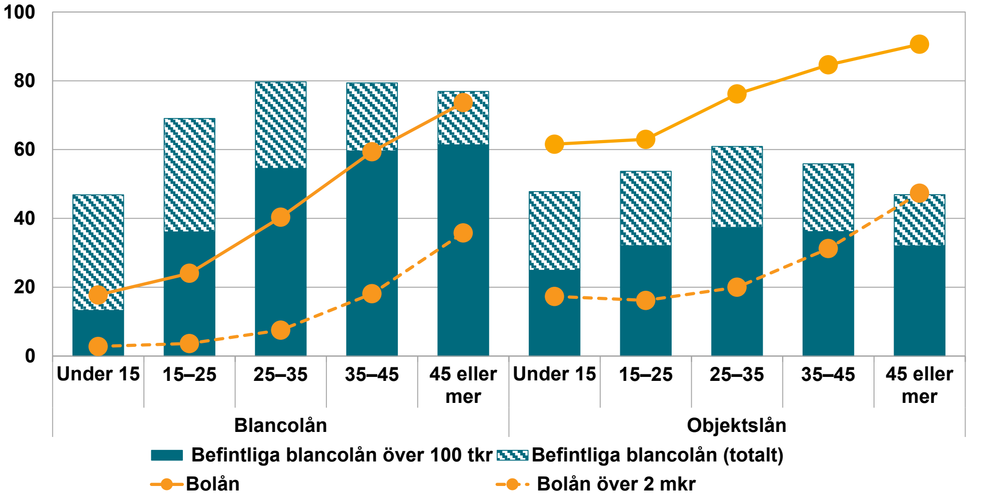
		Existing unsecured loans		Existing loans collateralised by other assets	
		Total share	- of which loans over SEK 100,000	Total share	- of which loans over SEK 100,000
Unsecured loans	MB	63.2	34.4	28.9	9.6
	NB	83.4	63.5	39.1	12.1
	CC	86.6	69.7	39.6	16.7
	SFC	85.9	52.2	51.4	5.8
	KKRI	72.2	37.6	47.8	5.0
	Total	**75.7**	**50.9**	**36.7**	**10.3**
Loans backed by non-property	MB	33.8	6.7	16.0	21.2
	NB	50.2	16.9	16.1	38.8
	NPBC	53.7	17.5	15.2	43.6
	CC	52.0	11.7	15.7	42.0
	Total	**55.2**	**34.5**	**45.5**	**23.7**

Source: FI

It was more common for borrowers with high incomes to have existing consumer credit and mortgages when the loan in the survey was granted. Among unsecured borrowers with a monthly income of over SEK 45,000 before tax, 6 out of 10 had existing unsecured loans of over SEK 100,000 when the new loan was taken out (Diagram 28).

28. Share of borrowers of new unsecured loans and non-property-backed loans who had existing unsecured loans or mortgages when the loan was taken out, divided by income before tax (TSEK/month)

Per cent



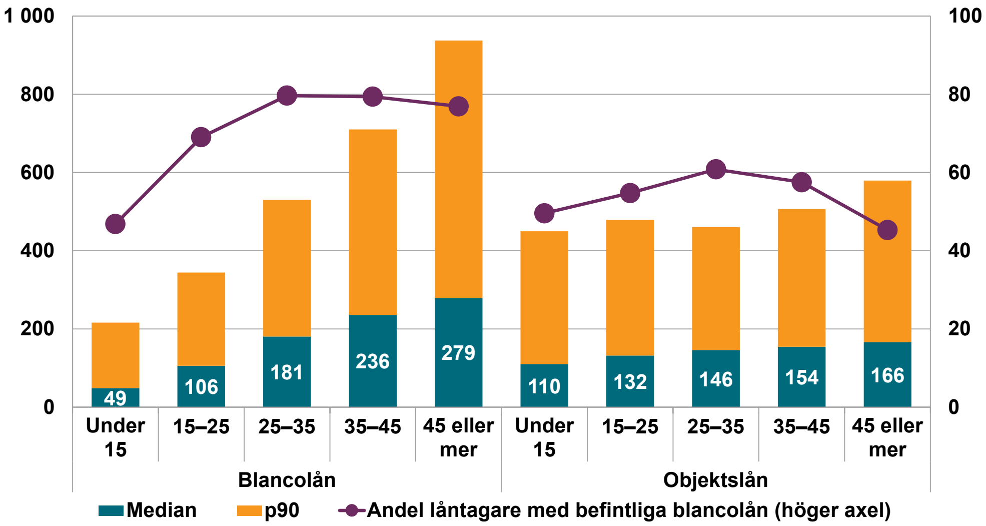
Source: FI.

Note: The diagram shows the loans that the borrower had before the new loan in the survey.

Many borrowers who took out a new unsecured loan or non-property-backed loan had large existing unsecured loans (Diagram 29). And it is common for borrowers with unsecured loans to state that they took the new loan to resolve existing loans and credits.

29. Size of existing unsecured loans that the borrower had when the new loan was taken out, broken down by loan type (for the new loan) and income before tax (TSEK/month)

TSEK, Per cent



Source: FI

Note: The diagram shows the loans that the borrower had before the new loan in the survey.

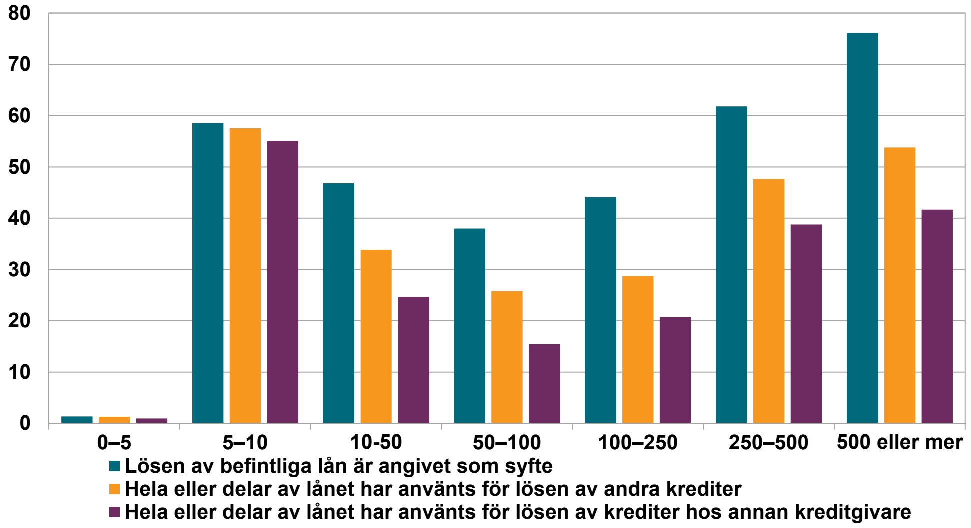
Many unsecured loans are used to settle other loans

Unsecured loans can be used for many different purposes. In addition, a particular loan can be used for several different things. For every fourth unsecured loan in the survey, there is no information on what the loan was used for. This may be because the borrower has not specified a purpose in the loan application.[51] The most commonly stated purpose was to resolve existing loans and credits.

Where the purpose is reported, 42 per cent of unsecured loan borrowers stated that they would settle other loans and credits.[52] It was more common for large unsecured loans to be used to settle other loans (Diagram 30).

30. Unsecured loans intended to settle other loans and credits

Per cent



Source: FI.

Settlement of previous loans includes loans from the same lender who issued the new loan or loans from another lender. The fact that borrowers use loans to settle existing loans can be a sign that they are actively looking for better lending terms, such as lower interest rates. However, if the borrower simultaneously increases their loans, this could be a sign of debt accumulation, which in the long run can lead to payment problems. If the borrower chooses a longer maturity for the new loan in order to lower their monthly payment, the total cost of the loan will increase. In particular, the costs can increase if the borrower renews an annuity loan after a short time since they have not had time to amortise any significant

[51] FI's new general guidelines, which were issued after the information in this survey, emphasizes the importance of the lender gathering information about the purpose of the loan.
[52] Lenders handle this process differently. Some lenders settle the loans for the borrower. Others pay out the loan and check whether other loans are repaid. But there are also lenders who only pay out the loan.

amount. What is most worrying, then, is if the borrower settles an annuity loan with new larger loans and at the same time extends the maturity. This generates a high total cost and indicates payment problems.

Payments that become loans

Invoices, credit cards and lines of credit are different ways to pay for consumption. Consumers pay most of these on time. If a consumer does not pay on time, or converts the payments into loans, the consumer has to pay extra costs. Overall, 6.5 per cent of these borrowers receive debt collection notices within eight months. The shares are largest among those with cost-bearing invoices, young borrowers, and borrowers with low incomes.

From a payment to a loan

When a consumer buys a product or service, they can pay directly with cash or a debit card. The consumer can also borrow money to buy the product or service. Unsecured loans, non-property-backed loans and instalments are three types of such loans. Then there are forms of payment where the purchase is made immediately, but the payment takes place at a later point in time. Invoices, credit cards and lines of credit are examples of ways to pay later. This type of consumption is loan-financed, but there are important differences between these loans and other types of loans.

An invoice incurs no additional costs if the consumer pays on time (often 14 or 28 days after the purchase). Invoices are also exempt from the credit check requirement in the Consumer Credit Act. The invoices in the survey are such that the consumer can often choose to convert the invoice into a partial payment agreement or a card credit. In this case, the lender must first do a credit check. In some cases, the lender chooses to do the credit check already at the time of the invoice. Approximately 98 per cent of the invoices in the survey had a structure where it was possible for the invoice recipient to convert the invoice into a partial payment or revolving credit.[53] But there are relatively few who choose to do so (see the in-depth analysis Invoices are means of payment that can entail additional costs).

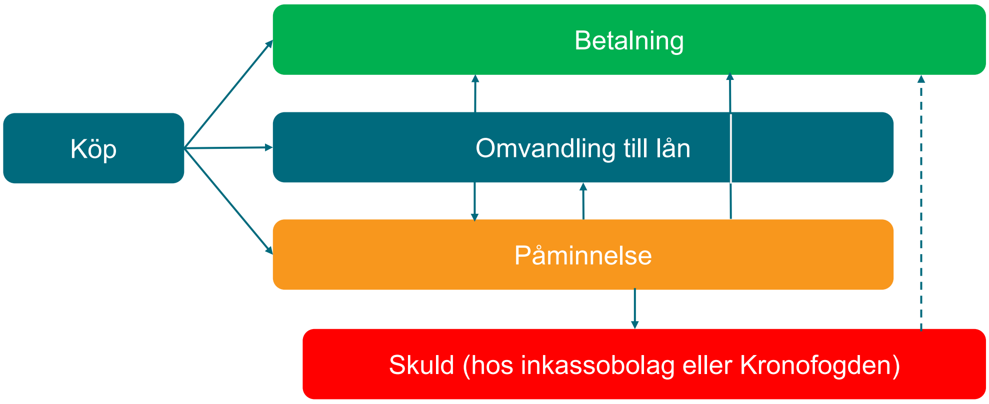
If the invoice recipient converts the invoice (conversion) or does not pay on time and receives a reminder, the invoice entails additional costs in the form of interest or fees. We then equate the invoice with a loan (Figure 31). The invoice becomes cost-bearing and the consumer becomes a borrower. Even if an invoice is basically

[53] There are also other companies and organisations, which are not included in the survey, that issue invoices. Their invoices are typically not convertible.

a payment, it can, in the long run, lead to a debt with a debt collection agency or the Enforcement Authority.[54]

31. Purchases with invoice and associated payments

Principal diagram



Source: FI.

A credit card gives consumers purchasing capacity (limit) that they can use for consumption. The party issuing the card (the lender) does a credit check of the consumer (the borrower). Credit card purchases are similar in many ways to invoice purchases. The difference is that the consumer can accumulate many purchases over the course of a month and then pay the card credit at a later point in time, which usually coincides with salary payments one to two months after the payment.[55] As long as the consumer pays their credit card on time, they do not have to pay any additional costs beyond the cost of the product or service.[56] However, if the consumer does not pay on time, interest is added to the amount owed. And we then view the card payment as a loan. The loan lasts until the consumer has repaid the entire debt. Those who have a credit card loan can often choose to pay in instalments. If the consumer chooses to pay in instalments, a minimum amount – often SEK 200 or a share of the utilized credit per month – the credit can lead to payment problems such as payment reminders, debt collection notices, payment orders and having the debt registered with the Enforcement Authority. Such problems arise when the borrower does not pay the minimum monthly payment.

A fourth payment variant that can become a loan is lines of credit. A line of credit, like a card credit, provides purchasing capacity. The lender must test the borrower's

[54] The invoice is in itself a debt, but the consumer can also take out other loans to pay invoices, and both of these can lead to a debt with a debt collection company or the Enforcement Authority.
[55] There are payment structures where the consumer can collect several invoices and pay them at one time. Payment by credit card is even more similar to such invoicing solutions.
[56] Some credit cards have no basic fee (annual fees), while others do. We have disregarded this fee in the survey.

ability to repay before granting this capacity. If the consumer does not use the line of credit, it costs nothing.[57] But when the consumer does use it, they have to pay interest.[58] Every month the borrower either pays the interest, or the interest is added to the line of credit. The credit is available as long as it is used; that is, until the balance on the account is positive. In the same way as for invoices and card credits, lines of credit can lead to debt with a debt collection agency or with the Enforcement Authority.

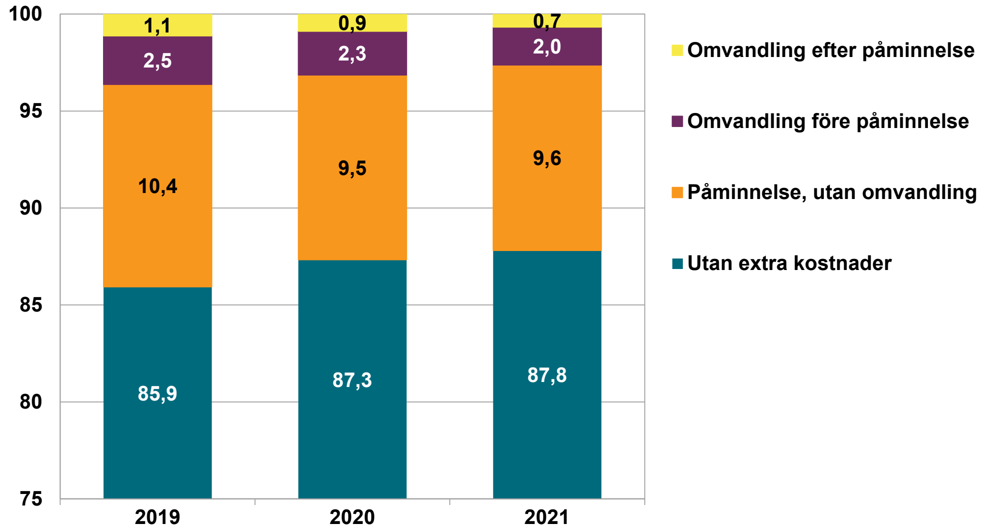
FI's sample from 2021 included approximately 206,000 borrowers with invoices, 78,000 with converted instalments, 8,000 with credit cards, and 10,500 with lines of credit. Of all invoices, approximately one in ten became cost-bearing. In 2021, between one in five and one in two customers with a credit card – depending on the company that issued the credit card – used the credit and paid interest. The corresponding share for those with lines of credit varied from a few per cent up to around 20 per cent. The majority of invoices come from sales financing companies. The rest come from niche banks. It is mainly credit card companies and niche banks that offer card credit. Lines of credit are most common with niche banks and sales financing companies. The major banks account for 1 per cent of the number of lines of credit, but for 17 per cent measured in SEK. This means that lines of credit from the major banks are often large.

In-depth analysis – Invoices are a means of payment that can involve additional costs

In 2021, almost 88 per cent of consumers in the sample paid their invoices without incurring additional costs (Diagram 32).[59] That is 2 percentage points more than in 2019. Most of those who paid extra costs for their invoice in 2021 did so because of reminder fees. Almost every tenth invoice received such a fee without later being converted into a loan. For the remaining invoices, almost 3 per cent, the consumer chose – and the company granted – to convert the invoice into a loan. The majority of those who converted their invoice did so before receiving a payment reminder. The invoice payments differ between lenders. There is a slightly larger percentage of men who pay their invoices without incurring additional costs (Diagram 34).

[57] Some lenders charge an annual fee for lines of credit, and other lenders do not. We have disregarded such a fee in the survey and therefore also in the calculations.
[58] There are some lenders who charge a fixed fee for the credit facility instead of interest. That fee sometimes depends on the size of the line of credit.
[59] The share is calculated as an unweighted average of all of the invoices of the sales financing companies in 2020. These data thus differ from those included in the survey's sample. Unweighted average means that all companies have the same weight in the calculation regardless of how many invoices they have issued.

32. Share of invoices that are converted, before or after a payment reminder, or receive a payment reminder, by year.
Per cent



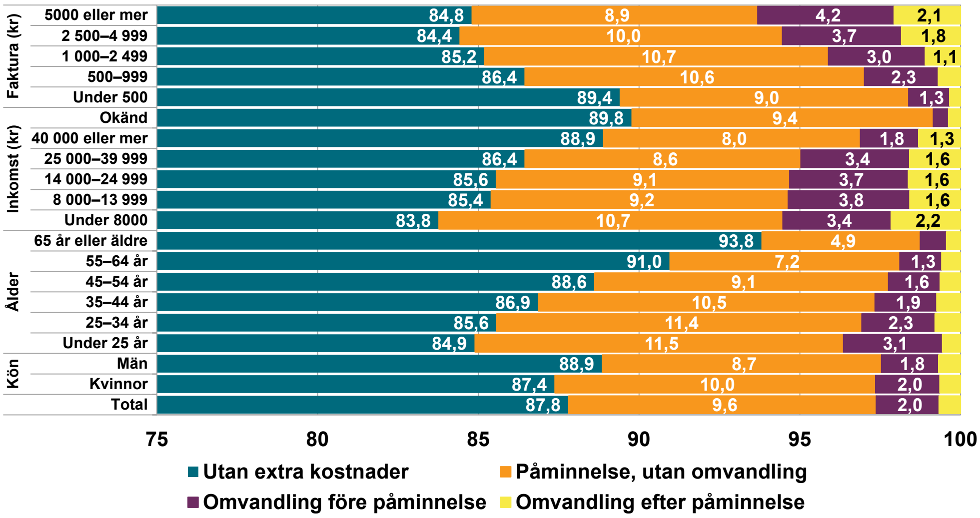
Source: FI.
Note: The diagram shows unweighted averages from the sales financing companies in the survey.

The youngest invoice recipients (below the age of 25) and those with the lowest income (below SEK 8,000 per month before tax) have the lowest share of consumers who pay their invoices on time (Diagram 33). It is less common for older age groups to convert their invoices or receive reminders. The share invoice recipients in the oldest age groups who pay their invoices without reminders and conversion is 9 percentage points higher than the share of invoice recipients in the youngest age groups.

The difference between income groups is smaller than the difference between age groups. Among those with an income of less than SEK 40,000, around 5 per cent convert their invoices into loans. Approximately 3 per cent of those with an income above SEK 40,000 convert invoices into loans.

Almost 11 per cent of those with the lowest income receive payment reminders (without converting). Among borrowers with an income above SEK 8,000, between 8 and 9 per cent receive reminders. The size of the invoice also affects the payments. Just over 10 per cent of the small invoices (under SEK 500) entail extra costs for the consumer. This applies to both reminders (9 per cent) and conversion (1.6 per cent). It is approximately as common for invoices above SEK 5,000 to receive a reminder, but it is much more common for the consumer to choose to convert larger invoices into loans. Just over 6 per cent did so according to the random sample.

33. Share of invoices that are converted, before or after a payment reminder, or receive a payment reminder – broken down by borrower
Per cent



Source: FI.
Note: The diagram shows unweighted averages from sales financing companies.

Overall, the breakdown of invoices shows that the majority are paid on time and the borrower thus avoids extra costs. It is more common for young age groups and low-income earners to choose to convert invoices into loans, and this often applies to slightly larger invoices. These groups often choose to convert before receiving a payment reminder. One interpretation of this is that the invoice recipient is experiencing early payment problems and realizes it.

There are also larger shares among younger age groups and low-income earners that receive payment reminders without converting the invoice. This matters for the estimated share of invoice recipients who experience payment problems if we assume that an invoice is a means of payment before it has entailed additional costs and then becomes a loan or if we view the invoice as a loan already at the time of purchase. About 0.3 per cent of those who borrow (instalment or invoice with extra costs) later receive a debt with the Enforcement Authority.[60] If we take into account all invoices (even those that have not entailed extra costs) and instalments, the corresponding share is lower. But it can also be the case that consumers take out loans to pay their invoices. These loans, which can become large over time, can lead to a debt with the Enforcement Authority.

Invoices and instalments are usually small

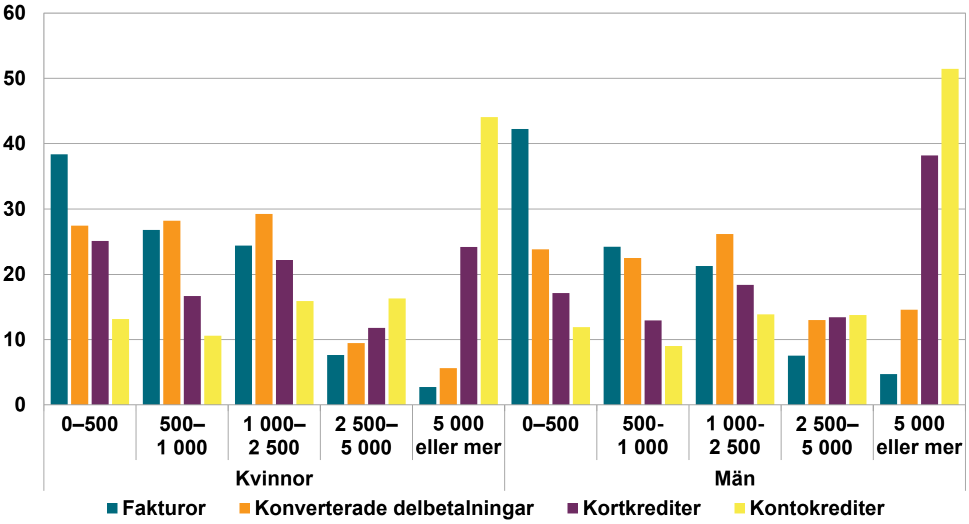
Most loans originating from a payment were small. This applies to both women and men (Diagram 34) and in particular invoices and converted instalments, where

[60] Andersson, K.M. and M. Üye (2021), "Lån och betalningsproblem bland kvinnor och män", FI Analysis 3X, Finansinspektionen.

65 and 56 per cent, respectively, were for amounts less than SEK 1,000.[61] For these types of loans, very few were larger than SEK 5,000. Lines of credit were often larger, and credit card debt was the largest among these types of loans. Around half of the credit card debt and lines of credit were greater than SEK 5,000. Every tenth credit card debt was greater than SEK 37,000, and every tenth line of credit was greater than SEK 22,000. In terms of size, the loans are distributed relatively equally among women and men. Both women and men had small cost-bearing invoices and larger credit card debt and lines of credit.

34. Loan size divided by loan type, size (SEK) and gender

Per cent



Source: FI

Note: The different colours (loan types) add up to 100 for women and 100 for men.

New invoices despite previous debt collection notices

It was unusual for invoice recipients to have a record of non-payment – only 200 out of 206,000 with new cost-bearing invoices had a record of non-payment. The share that has had debt collection notices was higher. Just over 5 per cent of the new invoice recipients had one or more previous cases.[62] Looking at all invoice recipients, there was no clear gender difference in the share of those with debt collection-related matters with the lender. However, for both men and women, the

[61] Many consumers have received multiple invoices during the sample period. Our calculations refer to borrowers and not loans. For example, we make no difference between those who received two invoices of SEK 500 and those who received one invoice of SEK 1,000. The analysis will be the same. It could be interesting to study who is receiving many invoices during the ten-day period, but we do not do that here.

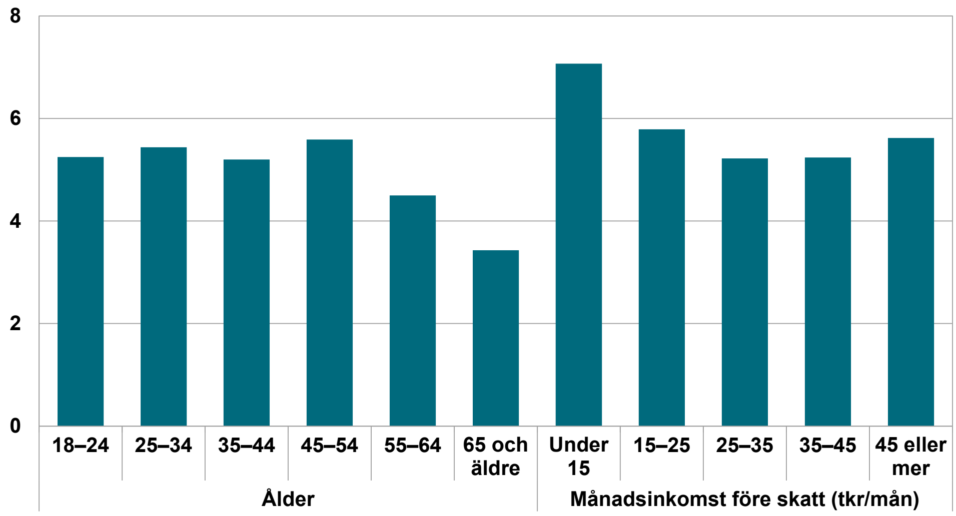
[62] This analysis provides the most accurate overview of invoices because there is often only one invoice issuer for any given purchase of a good or service. When a consumer who has an ongoing debt collection-related matter wants a new unsecured loan, they can choose from many lenders (and avoid the lender handling the ongoing matter). A loan register removes that possibility.

highest share was in the group Invoice recipients with an income below SEK 15,000/month before tax (Diagram 35). There, 6.6 per cent of the women and 8.5 per cent of the men had one or more debt collection-related matters.

The earlier debt collection-related matter may be for an unpaid invoice or some other type of loan (at the same lender). In the 2018 survey, 18.5 per cent of the invoice recipients had at least one earlier debt collection-related matter when the invoice in the sample was taken. There are several possible explanations for why the share has decreased sharply since 2018. One reason could be changed routines at the lenders and that debt collection notices are sent at a later stage than before. Another explanation could be extended terms for invoices, which has led to the invoice recipient having more time to pay their invoice on time. We also find that consumers with earlier debt collection-related matters are granted new instalments, but this is not as common as among invoice recipients.

35. Borrowers who had debt collection notices within the 6 months prior to the new invoice, divided by age and income

Per cent



Source: FI.

All groups of borrowers use invoices, credit cards and lines of credit

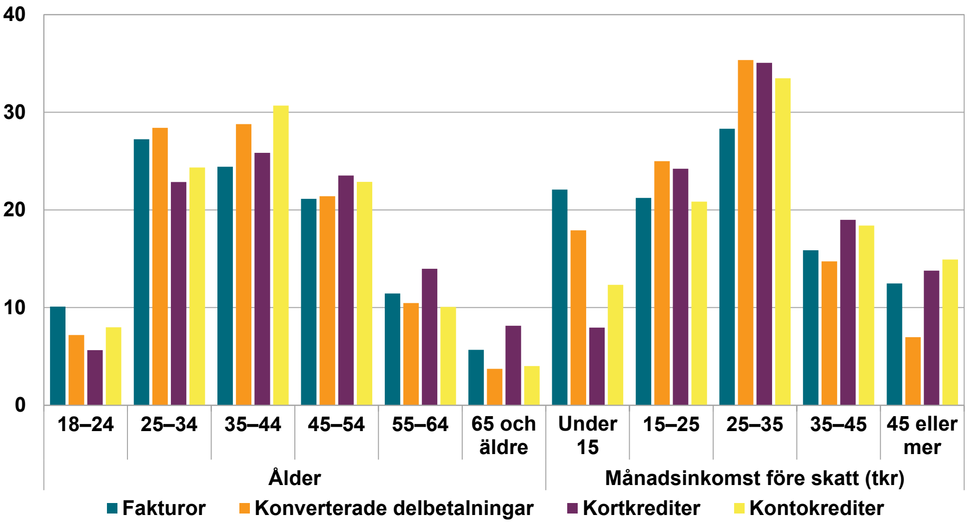
Women accounted for nearly two-thirds of all cost-bearing invoices in 2021. That is a slightly larger share than in 2020 and 2019. Among utilized lines of credit in 2021, just under 6 out of 10 borrowers were women. A majority of the borrowers at both niche banks and the sales financing companies were women. However, a majority of the borrowers at the major banks were men. For credit card debt, the gender distribution was the opposite that of the lines of credit. Just under 6 out of 10 borrowers were men, which applies regardless of the lender group.

All age and income groups use loans originating in payments. The different age and income groups also use the different types of loans (Diagram 36) in a relatively similar manner. However, there are some differences. The 18–24 age group has a larger share of invoices than other loan types. The older age groups use a greater share of credit cards than invoices, instalments, and lines of credit. The consumers with the lowest incomes have a greater share of invoices than instalments, credit cards and lines of credit. At the same time, those with higher incomes have a significantly larger share of credit cards and lines of credit than invoices, and especially instalments.

These differences between income groups may be explained by how extensive the lenders' credit checks are. Invoices are generally exempt from the credit check requirement, which may explain why invoices are used to a large extent by those with low incomes. The credit check is often more extensive for credit cards. This may contribute to the fact that the share of card credits among those with high incomes is higher than, for example, converted instalments, in that income group.

36. Borrowers broken down by age and income

Per cent



Source: FI.

Note: The different colours (loan types) add up to 100 for the age groups and 100 for the income groups.

The loan types burden the borrower's finances in different ways

Although invoices, converted instalments, credit cards and lines of credit are often small loans, they can in some cases burden the borrower's finances relatively heavily. This is because the interest rate is often high for these types of loans, and they are relatively common among people with low incomes. Individual invoices and temporary use of loan facilities burden the borrower's finances for a short period. On the other hand, repeated consumption with cost-bearing invoices or the borrower pushing credit cards or lines of credit into the future can result in them tying up parts of their future income for a long time.

Converted instalments, credit card debt and lines of credit usually have a relatively high interest rate. The nominal interest rate was approximately 14 per cent for lines of credit in 2021 (see Table 9).[63] The median interest rate for card credits and instalments was 20 per cent. The median effective interest rate was between 20 and 30 per cent, respectively, for these types of loans. As a rule, the cost-bearing invoices had no interest, but the cost mainly consisted of reminder fees and debt collection notices.

Invoices usually have terms of less than one month. Therefore, the payments often correspond to the entire invoice amount – the actual median payment in the survey corresponded to 80 per cent of the size of the median invoice (see Table 9).

Table 9. Costs broken down by loan type

SEK and per cent

		Invoices	Converted instalments	Credit cards	Lines of credit
Size	Median	649	945	1771	4652
	p90	2671	4497	21810	37275
Interest (nominal)	Median	0	19.9	19.75	14.3
	p90	0	19.9	19.9	17.4
Interest (effective)	Median	0	29.22	29.27	19.87
	p90	4.78	29.38	29.27	25.66
Payment (annuity)	Median	618	98	438	134
	p90	2616	576	3237	2001
LBK (annuity)	Median	4.1	0.5	2.0	2.0
	p90	22.0	3.6	14.3	19.2

Source: FI.

Note: Payment is monthly payment given an annuity. LSR is loan service ratio, which is calculated as loan payment (interest and amortization) divided by income after tax.

Instalments, credit cards and lines of credit had a significantly lower agreed repayment rate. The agreed repayment is often a minimum amount that the borrower must pay each month. The median payment on a converted instalment

[63] The interest is expressed as an annual percentage payment. In practice, the term is probably significantly shorter than one year in many cases.

was SEK 100, despite the median loan being almost SEK 1,000. For the 90th percentile, the payment was almost SEK 600, and the loan was SEK 4,500. Both the median and the 90th percentile indicate a maturity of 10 months.

Many borrowers probably pay off their loans faster than the agreed rate, but some borrowers choose a long maturity because they are having difficulty paying or are opting for long-term instalments to avoid payment problems. Even credit cards and lines of credit had agreed monthly payments of around 5 per cent of the size of the loan. This applies to both the median loan and the 90th percentile. Those who choose the agreed repayment rate use their credit for a relatively long time. The low monthly payments mean that the total cost of the loans becomes relatively high, even though the loans are small. Those who pay at a faster rate get a lower total cost, but then the loan burdens the borrower's finances significantly more during the shorter period.

Because these types of loans are often small, and the monthly payments even smaller, they put relatively little strain on the borrower's finances in most cases. The median borrower uses up to a few per cent of their income after tax for converted instalments, credit cards and lines of credit (see loan service ratios in Table 9). Every tenth borrower who has a credit card or line of credit uses more than 14 per cent and 19 per cent or more of their income, respectively. Invoices burden the borrower's finances more. This is because it is not possible to split the payments of them and those who had cost-bearing invoices often had low incomes. The median borrower used 4 per cent of their income for such invoices, and one in ten borrowers used more than one-fifth of their income.

Debt collection notices more common among cost-bearing invoices

In the same way as for other loan types, loans originating in payments can lead to payment problems. In previous analyses, FI has broken down payment problems by their severity.[64] We study whether the loan has led to payment reminders or debt collection notices within the first eight months of the loan.[65]

Almost 9 per cent of all borrowers with a new cost-bearing invoice in 2021 received a debt collection notice within eight months (see Table 10). It was about the same share as in 2020 and 2019. It is a larger share than among other loans that originate in a payment, which may be due to the fact that other loans allow a lower monthly payment that is easier to pay in the short term. Another possible explanation could be that all invoices included in the sample have already received

[64] Se Andersson, K.M., et al. (2021), "Lån, betalningsproblem och skuld hos Kronofogden", *FI Analysis* 32, Finansinspektionen.
[65] For credit cards and lines of credit, the lead time is ten months.

payment reminders and therefore have a greater probability of also receiving a debt collection notice than other loan types.

A larger share of men received debt collection notices – 11 per cent – than women – 7 per cent. Furthermore, the shares that received debt collection notices are larger for invoices of less than SEK 500 and invoices of more than SEK 5,000. The fact that small invoices more often lead to debt collection notices may be due to invoicing being utilised more often among younger age groups and people with low incomes. Both of these groups are more prevalent among borrowers experiencing payment problems.[66] The reason the largest invoices also are more likely to result in a debt collection notice may be that they have more of an impact on the borrower's income. Similar to invoices, a larger share of men receives debt collection notices among the other loan types, but the differences are smaller than among invoice recipients.

Table 10. Share of borrowers with debt collection notices

Per cent

		Invoices	Converted instalments	Credit cards	Lines of credit
Gender	Women	7.3	1.3	3.0	5.5
	Men	11.1	2.0	4.0	6.5
Size (SEK)	0–500	10.4	1.5	2.6	4.7
	500–1,000	7.3	1.3	5.3	5.7
	1,000–2,500	7.3	1.3	4.9	5.7
	2,500–5,000	7.1	1.9	3.3	7.1
	5,000 or more	8.7	2.6	3.2	6.6
Total		**8.6**	**1.5**	**3.6**	**5.9**

Source: FI.

Young borrowers and low-income earners receive debt collection notices more often

The shares of young borrowers and borrowers with low incomes who have received a debt collection notice are large. But there are differences between different types of loans originating in payments. Comparing all four loan types, almost 10 per cent of the youngest borrowers (18–24 years) received a debt collection notice. The percentage with a debt collection notice then falls with age. The over-representation of young borrowers is probably due to two factors: younger age groups generally have lower incomes, and older age groups that have

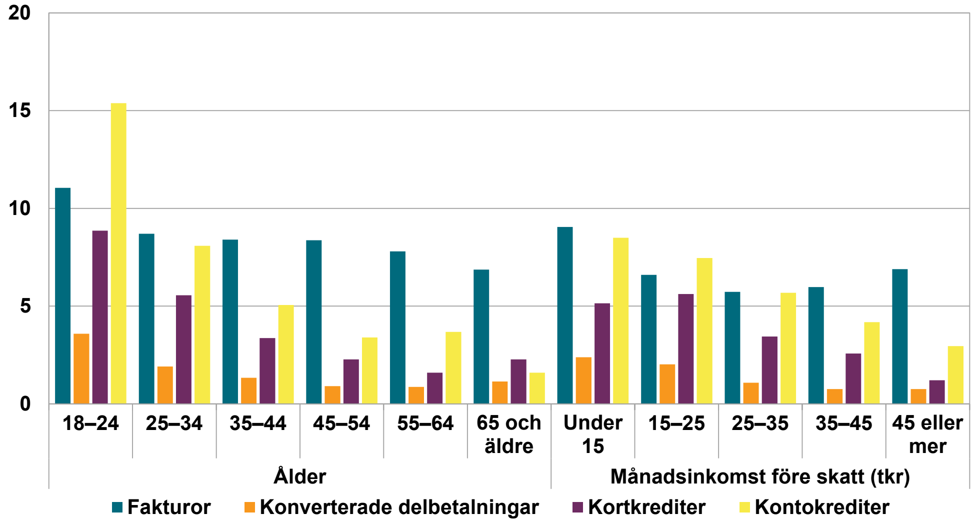
[66] See Andersson, K.M., and G. Förster (2021), "Varför får vissa konsumtionslånetagare betalningsproblem?", *FI Analysis* 29, Finansinspektionen.

a worse repayment ability have had more time to demonstrate this. This may mean that the older age groups are not granted different types of loans to the same extent.

The largest share of debt collection notices is found in the lowest income group. Approximately 7 per cent of borrowers with a monthly income before tax of less than SEK 15,000 received debt collection notices. Among those with higher incomes, 4–5 per cent received debt collection notices. Even among different loan types, the largest share with debt collection notices is among young age groups and low-income earners (see Diagram 37). But the general similarities end there. The share of invoice recipients who received a debt collection notice is relatively evenly distributed across both age and income groups, while the shares drop clearly with increasing age and income for the other three loan types. A partial explanation for this could be that all invoices in the sample have already received payment reminders, regardless of age or income, and therefore have a higher probability of also receiving a debt collection notice.

37. Share of borrowers who received a debt collection notice after eight months, broken down by age, income and loan type

Per cent



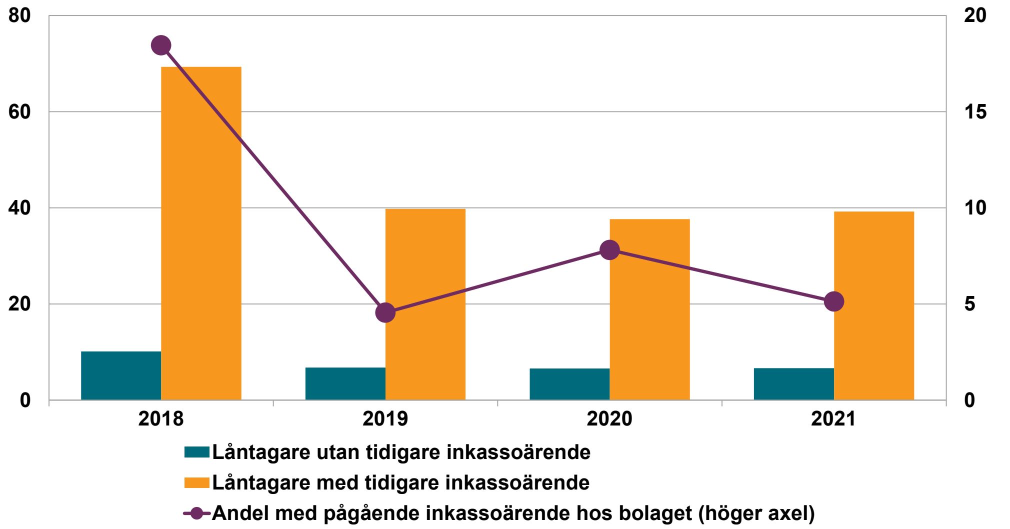
Source: FI

Invoice recipients who historically have received debt collection notices often receive new debt collection notices

The survey provides information on whether the borrowers had records of non-payment or received debt collection notices during the six months prior to them taking out the new loan. The invoice recipients who had already received a debt collection notice when they received the invoice in the sample were then clearly over-represented among the borrowers who also received a debt collection notice for the new invoice (see Diagram 38). In 2021, it was nearly six times more common for the invoice (or invoices) in the sample to lead to a debt collection claim within five months. In 2021, 4 out of 10 invoice recipients who had previously received a debt collection notice also received a debt collection notice for the invoice in the sample within five months. The corresponding share among invoice recipients who had not received a debt collection notice during the five months prior to the new invoice was just under 7 per cent.

38. Invoice recipients with a new debt collection claim within 5 months, broken down into previous debt collection cases with the company when the new invoice was issued

Per cent, Per cent



Source: FI.
Note: The diagram shows the share of invoice recipients who received a debt collection notice for the new invoice in the survey within five months, broken down by whether the invoice recipient had previously received a debt collection notice from the company when the invoice(s) in the survey were issued. The line shows the share of invoice recipients who had previously received a debt collection notice with the company when the invoice in the survey was issued.

Borrowers with deficits given various economic scenarios

Many borrowers who take out new unsecured loans have or may have a deficit between their income and expenses. Based on the Riksbank's forecast for inflation and the policy rate, more than one in four borrowers will have a deficit at the beginning of 2023. If inflation takes hold and the Riksbank is forced to raise the interest rate more than the forecast, more than one in three borrowers will have a deficit in 2024.

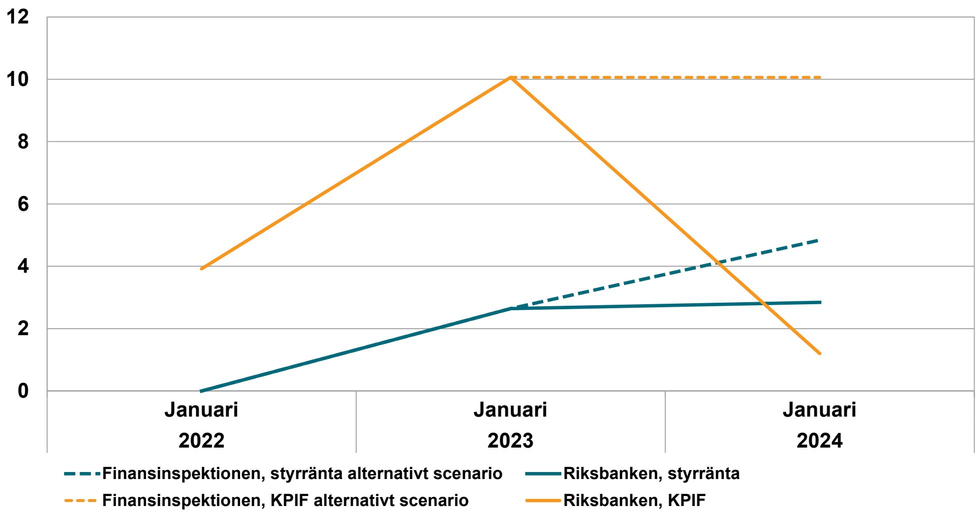
We use scenarios to assess the vulnerability of borrowers

Borrowers with deficits or small surpluses in a cash flow calculation (income minus expenses) have an increased likelihood of experiencing payment problems.[67] A loan that is granted despite a deficit can therefore be a sign of deficiencies in the credit check, but some information about the customer's finances might not be included in the survey. For example, the borrower might have savings to draw on in the event of deteriorating financial conditions. In addition, borrowers may have additional income sources than those reported or expenses that differ from those used in the calculations. But our calculations of the deficit indicate the percentage of borrowers who are experiencing or may experience some form of payment problems.

To assess the vulnerability of borrowers with new unsecured loans, we analysed their cash flows in two different economic developments (scenarios). We calculate how new borrowers meet their loan service payments (interest payments, with and without interest deductions, and repayments) over the next two years. In the first scenario (base scenario) we start with the Riksbank's forecast for inflation and key interest rate (see Diagram 39). In the second scenario (alternative scenario), we assume that inflation remains at the same level as today and that the Riksbank raises the policy rate more than the forecast. We assume, for the sake of simplicity, that the borrowers in the sample took out their loans under the economic conditions that applied in January 2022.[68]

[67] See Andersson, M.K. and G. Förster (2021), "Varför får vissa konsumtionslåntagare betalningsproblem?", FI Analysis 29.
[68] There are differences between those who borrowed in May 2021 (the survey) and in January 2022. But these differences are probably small since inflation and the interest rate increases came after January.

39. Two different scenarios to assess resilience among borrowers
Per cent



Source: FI and Sveriges Riksbank.
Note: The solid lines are the outcomes and forecasts according to the Riksbank's monetary policy report from November 2022. The dashed lines are Finansinspektionen's alternative scenario.

We assess the borrowers' vulnerability in each scenario through a simplified calculation of their cash flow based on the borrowers' post-tax income.[69] We then subtract standardised subsistence and housing costs from the income, as well as loan service payments for existing and new loans. We used the subsistence amounts provided by the Swedish Enforcement Authority's for the standardised amounts.[70] These amounts, which can be interpreted as the subsistence minimum, are lower than the standard amounts used by the Swedish Consumer Agency and the mortgage banks. For those borrowers where we do not have information about their existing loans, we have generated this information using statistical methods.[71]

In the scenarios, we extrapolate the subsistence costs standardised amounts using the consumer price index with a fixed interest rate (CPIF) and the interest rate on existing and new loans with the same rate at which the Riksbank raises the key interest rate. We also consider amortisation payments, which means that the loans decrease over time. Since some loans have time to be fully repaid, we ignore loans with a shorter maturity than 48 months. In order to be able to analyse those who take out small loans with a short maturity, we assume that these borrowers look exactly like the borrowers in the survey who had a term on the new loan of 1 year or less. This means that identical borrowers with short maturities appear every

[69] See the chapter on lenders' credit checks.
[70] These serve as the basis for wage garnishment and debt restructuring.
[71] See Andersson, M.K. and G. Förster (2021), "Varför får vissa konsumtionslåntagare betalningsproblem?", FI Analysis 29.

year.[72] We have therefore broken down the borrowers into three groups based on maturity:

1. Maturity of less than one year. These borrowers come in every year and look the same.
2. Maturity of between one and four years. We ignore these borrowers.
3. Maturity of more than four years. These borrowers amortise their loans in the scenarios.

All borrowers in the sample receive a salary increase of 2.4 per cent in 2022 and 3.5 per cent in 2023 (in both scenarios). After some data management, we have approximately 17,000 borrowers with new unsecured loans.

About one in five borrowers had a deficit in the base year

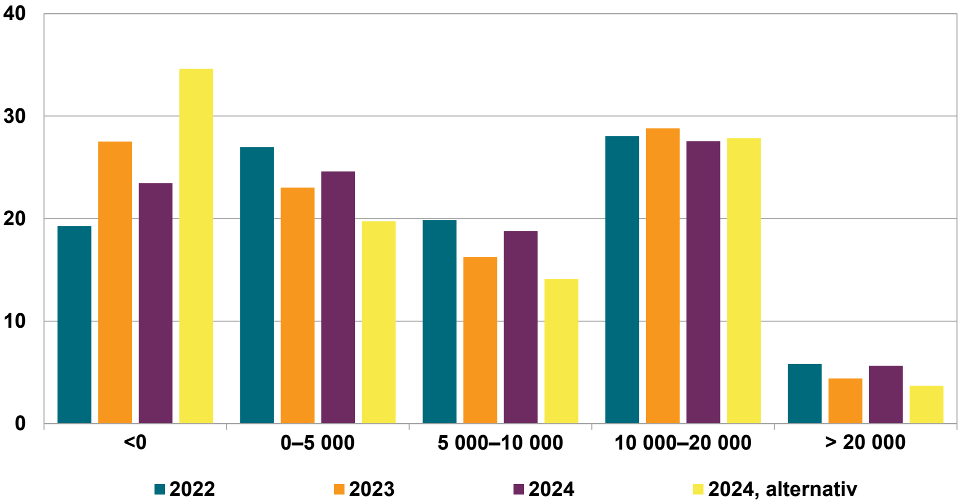
Almost 20 per cent of the borrowers had a deficit in the discretionary income calculation in the base year 2022 (see Diagram 40). And another 27 per cent had a surplus of less than SEK 5,000 each month. It shows that many consumers with new unsecured loans have small margins, which indicates deficiencies in the credit check.[73] In 2023, the share with a deficit increases to 28 per cent. Since wages increase more than prices, in the base scenario, in 2023 and many borrowers have amortised a large part of their loans, a slightly lower share will have a deficit in January 2024 – 23 per cent. But if prices increase more than in the Riksbank's forecast, almost 35 per cent of borrowers will have a deficit in 2024.

Approximately one in three borrowers has a surplus greater than SEK 10,000 per month all years in both scenarios. They are resilient to weaker economic development. But they may still need to adjust their consumption to the increased costs. If unemployment increases due to a possible recession, more borrowers will have a deficit.[74]

[72] This is a very strong assumption, as it is likely that lending will affect much of the economic development in 2022–2024.
[73] This is especially true as we assume low standardised amounts for subsistence costs.
[74] See Svenska konsumtionslån 2021, Finansinspektionen.

40. Distribution of surplus in the discretionary income calculation given different scenarios

Per cent



Source: FI.
Note: Each colour sums to 100 per cent.

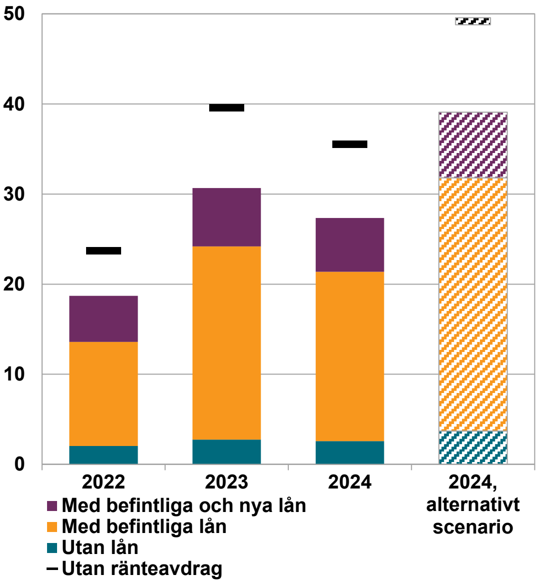
Existing loans are often the cause of deficits

We can divide the borrowers with deficits into three different groups: those who had deficits due to cost-of-living expenses, deficits due to existing loans, and deficits due to the new loan. One in four of those with a deficit already had the deficit before payments on new and existing loans.[75] There are differences between those who previously had a mortgage and those who did not. Just over 2 per cent of borrowers with mortgages did not have an income that was large enough to cover basic living expenses. The corresponding share for those without a mortgage was approximately 8 per cent (see Diagrams 41 and 42).

[75] This means that 5 per cent of the new borrowers did not have sufficient income to cover basic living expenses. This corresponds to 2 per cent of the volume of unsecured loans.

41. Share of borrowers with mortgages who have a deficit in our discretionary income calculation

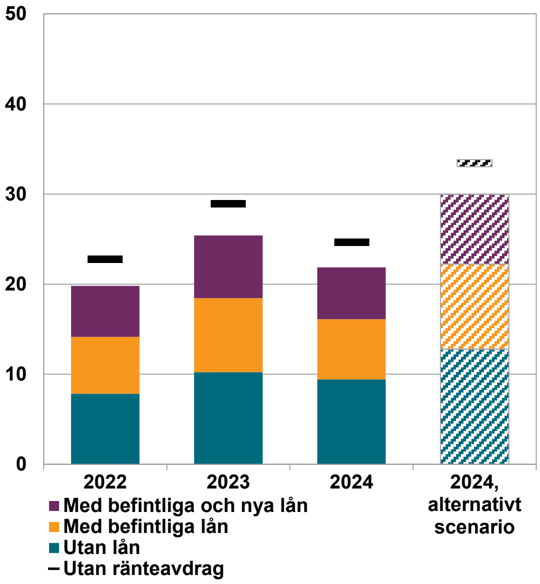
Per cent



Source: FI.

42. Share of borrowers without a mortgage who have a deficit in our discretionary income calculation

Per cent



Source: FI.

When we include loan service payments (including interest deductions) for existing loans, the share with a deficit, both for those with and without a mortgage, increases to around 14 per cent. According to our simplified calculation, these borrowers had a deficit before they were granted the new loan. This indicates that the credit check is not sufficient in many cases. Overall, the calculations show that existing loans are often the reason for borrowers having a deficit in the calculation.

More will have deficits in 2023 and 2024

In 2023, the share of borrowers with a deficit will increase to just over 30 per cent for those who also have a mortgage and to around 25 per cent for those who do not have a mortgage. Of these borrowers, 1 and 3 per cent, respectively, will have a deficit due to inflation. This is because the increase in income does not cover the increase in prices. But the most common reason that borrowers will have a deficit in 2023 is higher interest rates on new and, in particular, existing loans.

In 2024, inflation goes down in the main scenario, while the interest rate remains at the same level as in 2023. This means that slightly fewer borrowers will have a deficit in 2024. A large share of those who have mortgages still has a deficit in the calculation. This is because the increase in the interest rate affects the cash flow more for those with a mortgage than those without a mortgage.

In the scenario where we assume that inflation continues to be high and the key interest rate is increased, more borrowers have a deficit than in the base scenario. The share of borrowers with a deficit is approximately 12 and 8 percentage points higher for those with mortgages and no mortgages, respectively, compared to the base scenario.

More people have deficits without interest deductions

If we assume that none of the borrowers adjust their taxes, and that they therefore get to deduct the interest after the fact, the share of borrowers with a deficit increases. The increase is approximately 5 and 3 percentage points, respectively, for those with a mortgage and those without a mortgage in the base year.

The share of borrowers who would have a deficit if they did not regularly use the interest deduction increases even in our scenarios, which is due to the higher interest rate and the increased size of the deduction. In our alternative scenario, the share with a deficit for borrowers with mortgages is almost 10 percentage points greater if they were to not deduct the interest deduction regularly. The differences are not as big for the borrowers who do not have a mortgage because these borrowers are not affected as much by the higher interest rates. The share of the deficit is approximately 3.0–3.5 percentage points higher for all years and scenarios.

Small differences in the share of deficits for different groups

We can also break down borrowers with deficits into different groups. The breakdown shows that the share of women with a deficit is larger than the share of men after loan payments.[76] The reason for this is that the men in the sample have a higher income than the women. And even if men have slightly larger existing and new loans, the higher salary compensates for the loan payments. If we instead break down the share with a deficit by the maturity and size of the loan, we see no clear differences. The share with a deficit is roughly the same for all maturities. In terms of loan size, the small and large loans have the largest share of deficits. The borrowers taking out small loans usually have a lower income than those taking out larger loans. And those taking out large loans have larger loan payments.

If we analyse the share with a deficit broken down into the companies from which the borrowers received the new loan, we see that the lowest share with a deficit is those who borrowed from the major banks. Borrowers with loans from consumer credit institutions have the highest share with a deficit. Other lender groups have approximately the same share of borrowers with a deficit.

---

[76] Approximately 8 per cent of the households in the scenario have a co-borrower. For the loans where there is a co-borrower, the main borrower is a man in 60 per cent of the cases.

Table 11. Share of borrowers with a deficit broken down into different groups

Per cent

		2022	2023	2024	2024, alternative scenario
Gender	Female	24.81	33.82	30.00	40.47
	Male	15.23	23.22	20.07	29.23
Maturity (years)	0–1	21.23	29.30	27.93	36.59
	4–6	17.83	25.89	22.50	31.31
	6–9	19.52	27.44	23.80	33.57
	10 or more	19.18	28.20	24.01	34.59
Size of loan (SEK ‘000)	0-5	20.02	27.99	26.51	34.98
	5-10	29.29	38.59	36.67	45.96
	10-50	21.02	29.26	26.04	35.98
	50-100	13.80	21.73	18.26	27.84
	100-250	16.74	24.68	21.04	30.04
	250-500	22.76	33.59	27.70	40.00
	500 or more	27.50	33.75	30.42	40.00
Lender group	MB	8.52	13.76	11.69	18.09
	NB	21.16	31.22	26.49	37.90
	CC	16.82	27.10	21.65	35.36
	SFC	20.41	25.85	25.17	32.65
	CCLC	26.32	34.77	32.43	41.84

Source: FI.

Note: The share with a deficit with existing and new loans including interest deduction.