



Decisions about personal debt among families at risk: Personas and scenarios

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1 Overview

In this report we present personas and scenarios as an aid to highlighting consumer problems and suggesting policy directions relating to consumer debt. We draw on our qualitative study of families at risk to broadly sketch the different ways consumers deal with personal debt. We use stories to illustrate some of the main problems related to decision making about personal debt. Personas and scenarios help place the consumer at the centre of policy, so that we can test policy against the life situations of consumers.

This is the fourth of our series of five reports¹.

1.1 Families at risk deal with personal debt

Families at risk deal with personal debt in four ways:

- Avoiding personal debt;
- Managing debt;
- Floundering in debt; and
- Moving in-between these categories.

1.2 Financial decision making

We found three groups of factors important for deciding on personal debt.

- Family money management patterns, and money as a medium of relationships;
- Priorities, family and community support;
- Financial, information and communication skills.

1.3 Education and Policy Implications

Our study on financial decision making among families at risks points to three major recommendations relating to education, the provision of credit and the possibility of increasing income:

- Education relating to consumer credit and financial literacy should include training in setting positive priorities that can then shape saving, spending and credit. People should be encouraged to talk of money within their family and with friends as money management is also wrapped up in the way people see themselves and want to be seen. The ability to communicate about money choices provides a built-in check against over-commitment and its financial and social costs.

¹ The first three were:

- Singh, Supriya; Myers, Paul; McKeown, Warren and Shelly, Marita (2005) Literature Review on Personal Credit and Debt in Australia: Families at Risk Deciding on Personal Debt. <http://mams.rmit.edu.au/fjefpb2zv2q7.pdf> accessed 9 September 05
- Singh, Supriya; Myers, Paul; McKeown, Warren and Shelly, Marita (2005) Literature Review on Personal Credit and Debt: Families at Risk Deciding on Personal Debt. <http://mams.rmit.edu.au/2jcm510srqg7.pdf> accessed 9 September 05
- Singh, Supriya and Shelly, Marita (2005 forthcoming) Decisions about personal debt among families at risk: Report on the Qualitative Study

Another report will follow this paper.

- Singh, Supriya; Shelly, Marita; Myers, Paul and McKeown, Warren (2005 forthcoming) Decisions about personal debt among families at risk: Education and Policy implications.

- There is the need to ensure that credit is offered on the basis of an ability to repay. Community based credit which is appropriate and sustainable should be encouraged.
- Time and again our participants argued for the need to be able to increase their income without drastically losing their welfare benefits. This would at the least mean that work for cash will become accountable and more transparent.

1.4 *Personas and scenarios*

We use personas and scenarios as a way of placing the user at the centre of policy making. The personas and scenarios sketch the outline of a person's financial decision making in his or her personal, social and cultural context. The stories they tell illustrate central points about how people in families at risk make decisions about personal debt. They highlight the user problem and suggest design solutions.

These stories of consumers in context help ensure that the educational programs and policies serve to empower consumers. They also are an additional check that the conclusions of the qualitative study and the policy recommendations are true to the way consumers perceive financial decision making about personal debt.

2 Introduction

The aim of our study is to empower the most vulnerable Australian consumers in their handling of personal debt. We have first sought to understand how families at risk make decisions about personal debt. We then translate these findings via personas and scenarios so that they resonate with policy makers who want to place consumers at the centre of policy.

2.1 *The qualitative study*

We defined the core group of families at risk as those with an annual household income of under \$25,000. We also included households including parent/s and children who have an annual household income of less than \$50,000. We conducted open-ended interviews with 15 consumers from a range of socio-economic backgrounds. We arrived at grounded explanations of how people decided on personal debt.²

In our study we saw money as a medium of relationships as well as a matter of finance. We concluded that there were three main sets of factors that influenced the way people made decisions about personal debt. These were related to

- Culture, family and money;
- Priorities, family and community support; and
- Financial, information and communication skills.

Our policy recommendations also went beyond those currently at the centre of programs of financial literacy. We thought it was important that

- Education relating to consumer credit and financial literacy should include training in setting positive priorities that can then shape saving, spending and credit.
- People should be encouraged to talk of money within their family and with friends so that there is a built-in check against over-commitment and its financial and social costs.
- There is the need to ensure that credit is offered on the basis of an ability to repay.
- Community based credit which is appropriate and sustainable should be encouraged.
- It is important for the most vulnerable Australians to be able to increase their income without drastically losing their welfare benefits.

2.2 *Personas and scenarios*

We draw on our qualitative study to sketch personas and scenarios which show how these different types of consumers made decisions about personal debt. Through these personas and scenarios we highlight the importance of particular factors in financial decision making. We use these scenarios and personas to illustrate the importance of ensuring a social and cultural view of money as a medium of relationships rather than money just as a matter of finance. We thus emphasize the policy measures relating to education, provision of credit and welfare reform.

Scenarios have been successfully used to bridge the different perspectives of users, providers of services and policy makers, while keeping the user at the centre (Caroll 2000). The stories themselves become a 'boundary object' (Star and Griesemer 1989), around which people of different perspectives can come to a shared understanding of user needs. Through the use of personas and scenarios we ensure that we translate insights into consumer needs to viable policy. This policy has to be sustainable from three perspectives – the consumers, the providers and the policy makers. As Norman (1998) said when speaking of the design of technologies, all three legs of the tripod have to work together for success.

² For more details of the sample and methodology see Singh, Supriya and Shelly, Marita (2005 forthcoming) Decisions about personal debt among families at risk: Report on the Qualitative Study.

3 Families at risk deal with personal debt

In our sample, there were four different patterns of dealing with personal debt:

- Avoiding personal debt;
- Managing debt;
- Floundering in debt; and
- Moving in-between these categories.

3.1 Avoiding debt

There were three women in our sample who have successfully avoided consumer debt. They shared most of the following characteristics:

- They focused on priorities relating to the marriage, family and/or self. This focus allowed them to spend in a targeted way and saying 'No' to other expenses;
- Learned attitudes to money that focused on saving to spend;
- Communicated these attitudes to their children;
- The financial skill of budgeting;
- Learning from previous experiences, how not to deal with debt ; and/or
- Support from family friends and/or community support.

In our study most of these factors had to be present for a family to avoid personal debt.

3.2 Managing debt

In our sample there were six people who felt they were managing their debt. There were two types of people among them. Firstly, there were those who came with a philosophy of avoiding debt. However life style changes led them to greater expenditure and debt. They feel their debt is manageable and are trying to increase their income and/or curb their expenditure. Secondly, there were those who because of prior experiences of getting deep into debt now have changed the way they live. Family and community support where available, has been an important buffer.

The people who were able to adequately manage their personal debt were those who:

- Had the information skills to access appropriate credit from community, financial and government organisations;
- Repaid their debt before making any other spending decisions;
- Learnt from negative previous experiences;
- Tried to cut down expenditure and/or increase income; and/or
- Sought the help of community organisations when they felt they were in trouble with debt.

3.3 Floundering in debt

In our sample three people had floundered in debt. When they talked to us, one had received support from financial counsellors, another had repaid a negotiated debt with the support of his family and the third had declared bankruptcy. The main reason this group of people found themselves so highly indebted was because credit was offered to them via credit cards and financial organisation loans, despite their inability to pay. This group also exhibited the following characteristics;

- Poor information skills relating to accessing appropriate credit;
- Accepted the credit that was offered to them assuming that the providers had assessed their ability to pay;
- Had poor financial skills in that they did not budget, had no savings plans, and the repayment of debt did not precede further spending;

- Poor communication about money with their families.

Some of them also

- Had a family history of not being able to manage debt;
- There was no articulated priority for their lives;
- They suffered various forms of addiction, physical and mental health problems.

People with low or high levels of education could find themselves overcommitted. Age and gender were also not defining factors.

3.4 *In-between*

People's situation with personal debt is dynamic. Even our two women who have successfully avoided debt were in debt at some periods of their lives. Those who are successfully managing debt at one point may find themselves at the brink of over-commitment when faced with an unexpected expense. And those who have been mired in debt have, with help, found themselves back on the road to sustainability.

In this section we focus on three people who are in the process of moving from over-commitment to successfully managing debt. In all three cases, the reason for the over-commitment was:

- Partners had different attitudes to money and debt;
- There was no communication about the problems and different priorities underlying these different attitudes;
- At times there were strenuous attempts to hide serious debt.

The turnaround happened when the relationship broke down and the person was able to control their own money, articulate their priorities and communicate them to their family. Family and/or community support and communication was important in achieving the transition.

4 Financial decisions

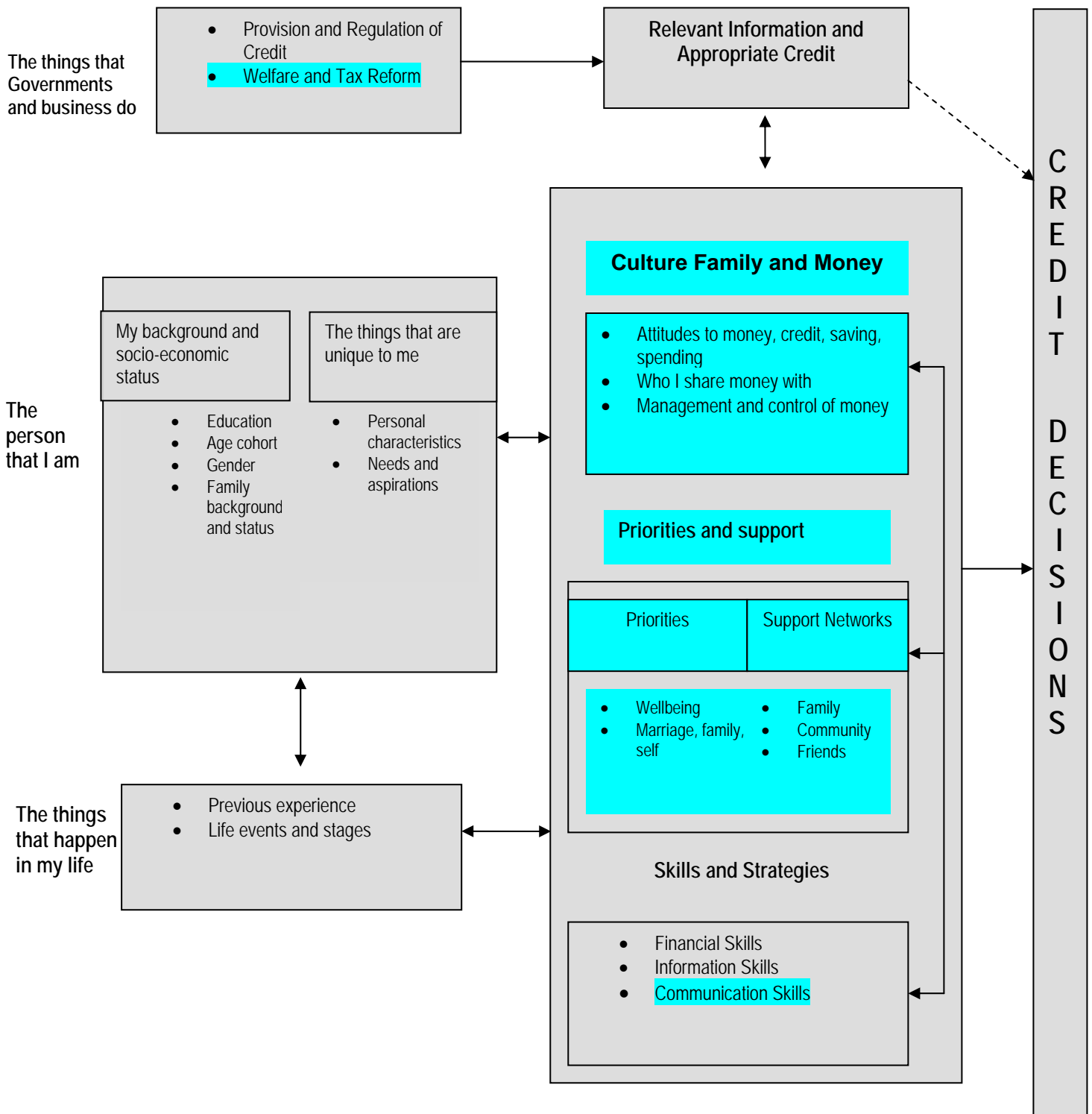
The economic approach dominates current policy work on consumer credit in Australia. We found much that was valuable in that approach and have taken the Treasury's consumer behaviour model as a starting point for our model of decision-making about personal credit. In our study we have drawn on behavioural finance and sociological studies of money to frame our approach to decision making³. We have kept the model approach so as to better communicate with policy makers and finance providers. The main differences between the consumer behaviour model and the credit decision making model (figure 1) are:

- The credit decision making model is not linear reflecting the different cross cutting factors that influence decision making.
- We have kept the factors that influence a consumer's life and approach, but added two boxes – one dealing with culture, money and family and the second dealing with priorities and support.
- We have also added communication skills to the box on skills and strategies.
- To the things that Governments and businesses do box we have added welfare and tax reform.⁴

³ See Singh, Supriya, Myers, Paul, McKeown, Warren and Shelly, Marita (2005) Literature Review on Personal Credit and Debt: Families at Risk Deciding on Personal Debt. <http://mams.rmit.edu.au/2jcm510srgq7.pdf> accessed 9 September 05

⁴ For more details see Singh, Supriya and Shelly, Marita (2005 forthcoming) Decisions about personal debt among families at risk: Report on the Qualitative Study.

Figure 1: Credit Decision Making Model



5 Importance of priorities

In the stories below, we highlight the positive effect of having strong priorities for marriage and family, and the damaging effect of not having any priorities. The presence of priorities is often accompanied by positive attitudes to saving, budgeting, information about access to appropriate credit, and communication about money within the family. Family, friends and/or community support are helpful in warding off the disastrous effects of emergency expenditure. Priorities, thus buttressed, give a person a better chance of avoiding personal debt. However without these supporting factors, priorities generally are not sufficient in themselves.

5.1 *Annie sent eight children to private Catholic schools*

Annie, 46, a nurse, is married the second time, with six of her eight children still at home. She works part time and their household income is between \$25,000 and \$49,000. They have no mortgage and no credit card debt. She uses her credit card mainly as a payment mechanism.

Her priority is to have a happy family. It is important to her to be able to send their eight children to a private Catholic school to imbibe the values of social justice. These priorities mean she chose to work part time so as to spend more time with her family. It also means she had to say no to the children when they wanted to stop at the shops everyday; buying op shop clothes that did not look like op shop clothes; saying no to \$180 track suits for athletics; saying no to shoes for the children that were out of the budget. It meant saving to spend, as her mother used to do. It also meant buying groceries in bulk, sewing the family's clothes, never using disposable nappies. It also meant never buying new furniture. She learnt the importance of saving to spend from her mother. She communicates these attitudes to her children so that they understand what is important and how you can do without other things.

When her first marriage ended, money was tight. She negotiated an instalment plan with the school to pay the fees. She did not use the credit card to tide her over. She had used the credit card in her first marriage to buy a fridge and it took two years to pay it off.

User problem: Avoiding debt and educating a large family with a limited income and no family support.

Design solution: Use the education program on financial literacy to stress the success factors that have worked for Annie – priorities for the family and marriage; communicating these priorities to her children; sustainable patterns of money management in her parents' family; careful spending and doing without; discovering ways of decreasing immediate outgoings when money is tight; and learning from previous experience.

5.2 *Emily – “Life is a nightmare”*

Emily's story is the reverse of Annie's. Emily, 35-44, left school before completing Year 9. She says her life was 'crap'. She had two children by separate men who do not support Emily or her children. Emily has credit card debt of over \$30,000 that has been negotiated down with the help of financial counsellors. She also has a \$500 Centrelink Advance to pay for the car insurance. Her health has deteriorated. She has suffered depression and attempted suicide. She has also taken up gambling and has started smoking again – five and a half packets of cigarettes a week at some \$55 a week. She is now on a disability pension and receives help from financial counsellors and social case workers. Emily says her “life is a nightmare”.

Emily is part of a three generation tradition of being unable to manage debt. Her parents lived on credit card debt, requiring the children once they were 15 to pay \$25 a week to help them pay off a boat loan. Emily herself bought her son a laptop and her daughter a PC on her credit card. She moved to a unit, bought new furniture also on her credit card. Her son already has mobile phone debt. Her parents have tried to support her. She stayed with her parents for a few years when her

children were young and her son continues to live with them. Her brother helped her when she lost her fortnightly pension on gambling.

She does not appear to have any priorities in life. She wishes she had not raged, drank, flirted when young. She rails at the welfare system that gives her no breaks. She feels she did not have adequate information about ways of getting cheaper goods or appropriate credit. She would like to paint but does not feel she can put aside \$10 for the materials.

User Problem: Emily has no priorities and can see no way ahead, despite considerable community and family support. She is part of a three generational pattern of not being able to deal with debt. Credit card companies and finance organisations have continued to offer her credit. She has no information, financial or communication skills in managing money. Community organisations played a role only when she was in crisis.

Design solution: Emily's case demonstrates we need an educational program that places money within a broader life skills program. This program needs to highlight the enormous health, psychological and relationship costs of over-commitment. Information, financial and communication skills need to be taught. There also needs to be greater access to these skills before the crisis point is reached.

6 Talking about money

Money is private, particularly among Anglo-Celtic groups in Australia. However, money is talked about most often between partners, and then less frequently within the family and between friends (Singh 1997; Singh and Cassar-Bartolo 2004). However, because people do not talk easily about money, there are few models available to demonstrate helpful communication about money or the destructive effects of poor communication, not talking about money, or even worse hiding information about money. In this section we present three scenarios – the first demonstrating the successful communication about money, the second how parental communication can become a template for not talking about money, and the third of the disastrous consequences of hiding debt.

6.1 *Bela's children understand the financial situation*

Bela, 35-44, is dressed in African style. She is a single parent with all of her six children at home. She has been in Australia for five years and is working part time in two community organisations, earning less than \$50,000 a year. She has a teaching degree which she has not upgraded in Australia.

She is finding life in Australia secure, but difficult and expensive. She does not have the family support she had in Africa. Unlike her home in Africa, here she has to buy milk, meat, eggs and vegetables. She abhors debt and only got a loan for a car because one of her sons needs to avoid exposure to cold weather. She shopped around for the car and then went to her bank for a personal loan. She checked she could repay but did not compare the cost of credit.

Her priority is for her family to have a good life in Australia, not too rich but not too poor. The family lives within their means not by stringent budgeting but by paying what is more urgent this month and deferring the rest.

She and her children talk openly about money. They know the family's financial situation. Bela says, "They are good children. They don't demand a lot. ...I tell them that we don't have a lot. And if we (have an) extra dollar, we should save it for emergency."

At the same time Bela does not want her children to feel poor and disadvantaged so she tries to buy them what they want, if it is possible. She cuts down on the expenses by going without for herself, or buying from the op shop. When her children ask her for something, Bela says if she is able to get it, she does. Otherwise they will defer the purchase for a few months until the item goes on sale. The

children also keep track of the sales. She says she buys things for her children in turns. “If I bought this person this month, next month we plan for the other person.”

User problem: To talk freely about money with her children so she can give her six children a secure and good life on a single income, while being prudent about money.

Design solution: In the education program teach people how to talk about money so they can convey their priorities within the family. The focus should be on learning how to balance priorities within the available income so as to balance aspirations within the context of prudent money management.

6.2 Betty – it was all about costs and doing without

Betty, 25-34, has completed her BA. She is presently unemployed and living in shared accommodation. She manages to live within the constraints of the unemployment welfare benefits, except when there is an emergency like car repairs. She tries juggling expenses then, and when desperate asks her mother for help. She tries to avoid this, for she remembers a childhood where her mother only talked about how much things cost and by inference how much the children cost. Betty says

It was always about how much things cost and about how much money my mum didn't have. Because when my mum and dad divorced.... (she talked of) how dad wouldn't pay and rah rah rah and all that kind of stuff

Her mother was ill and unable to work fulltime. Betty says with two children still at home it was a big burden trying to save money to put them through school. “So pretty much as soon as I was 15 of course it was like out and get a job”. Betty says “Mum was very vocal trying to tell us how much things cost and that it was important to be wise with money....(she) did it in a more negative way than she needed to”.

User problem: Communicating about money in a positive manner to enhance possibilities rather than continually stressing costs.

Design solution: In the education program teach people how to talk about money within the family, in a way that priorities and aspirations are encouraged. The emphasis should be on strategies that help achieve these aspirations, rather than constantly giving the message they should do without.

6.3 Geraldine – hiding information about debt masked deeper problems

Geraldine, 45-54, is divorced with four children. All of them are still staying at home, though the two eldest are working. She is paying off a mortgage and is working at multiple jobs, spending little, so that she can pay it off within five years.

She comes from a family that saves for things they want. They have also supported her in terms of money. Her husband's indiscriminate use of credit triggered the break up of her 20 year marriage. It was not just the money she said, but the realisation that they wanted different things and operated in different ways. It was the lack of communication and trust.

In the beginning she and her husband used to talk about money. They had a joint account, bought a house together. Her husband opened a personal savings account with a credit union associated with his employment. She thought she and her husband were similar in their attitudes to money. She learnt later that when they got married, he had two personal loans. Later she found there wasn't any money left in the savings accounts. By a chance phone call for her husband, she found out that her husband had a credit card debt of \$10,000. They talked and she helped repay that debt.

But her husband continued to borrow on his credit card and hide the information by directing his statements to a post office box. He had stopped discussing the loans with her, though he talked of it with his friends. It was only when a Mercedes car was parked in their driveway that she realised her husband had bought the car. She managed to return the car, but the marriage also broke down.

Reflecting on the breakdown of communication about money, she says she does not know why he would spend without being responsible for the repayment. Perhaps he thought he brought in some of the money, he could spend it however he chose.

Unlike her parents, she talks to her children about money and they see her saving and budgeting. She herself has become very transparent about money and cannot envisage a time when she would blindly share her money and assets with another partner. If she did enter a partnership it would be with a pre-nuptial agreement with everything clearly on the table.

Her daughter too shares this need for transparency. When her daughter and her de facto partner bought a house together, her daughter was adamant that the contributions be equal, despite the offer of a loan from his parents.

User Problem: The lack of communication about money hid deeper differences in attitudes to money, responsibility and partnerships.

Design Solution: Education programs need to stress the importance of talking about money at the beginning, and throughout the relationship. Not talking about money should be seen as a sign of looming trouble about trust, sharing and partnership.

7 Community support

People on a low income can seldom manage emergency expenditure without support. There is a greater need for family support with money to help avoid over-commitment. Where family support is not immediately available, community support for emergency expenditure becomes the one factor which spells the difference between managing credit and floundering in debt.

7.1 Barbara – If not for the church...

Barbara, 35-44, is a single parent of a five year old son. Though she tried to minimise her expenditure by moving to the outer regions of a city before her son was born, eight months later she was hospitalized for depression.

She budgets to the last five cents. Her philosophy is if you don't have the money, don't buy it. They go for free outings like going to a park, seeing friends. They do not go to see films. Instead she asks her friends to tape her things that she can watch later.

A friend had given her a fridge. It broke down. The Church gave her a fridge. Though the freezer did not work – she could use it for the milk and vegetables. She did not think of buying a fridge on the credit card for she had gotten in trouble with credit cards before. She says if it had not been for the church, she would not have coped. Barbara says “the Church wouldn't let me fall down”. It has helped her turn her life around and she has “ended up volunteering for them as well and helping”.

User problem: Avoiding consumer debt while riding out the crises on a limited income

Design solution: Community and financial organisations need to be able to provide limited financial support in case of emergencies.

7.2 *Hanna – Learning how to borrow*

Hanna, 55-64, on a pension has lately discovered a desire for education and work “it actually has become one of the joys of my life and goal to work in a library”. Going to university, has assisted Hanna in her information skills. Prior to university, Hanna had used credit unions to access personal loans. She used these loans to buy a typewriter, glasses, to study, Christmas shopping and “just to survive”. When she moved to the outer suburbs about two years ago, she had “some terrible debts” and was finding it very difficult to manage. One of her sisters had previously helped her pay off a telephone bill which had spiralled out of control.

She learnt about a community organisation which helped her out with food vouchers. They told her about another community organisation which provides No Interest Loans. After living in the area for six months she was able to apply for and receive a No Interest Loan to purchase a new washing machine. She needed a new machine as she had “a twin tub that leaked and you had to practically go and take it out into the back yard to empty it. I was desperate for a washing machine I didn’t have any money to get it because I took all my money to shift and everything else.”

It took her about 13 months to pay off the loan and she is “never going back to a bank or a credit union because that 17.5 percent interest...was really really hard”. Also in addition to the no interest loan, she has accessed the Centrelink advance to assist her with further study.

User problem: Avoiding inappropriate credit.

Design solution: Availability and information about appropriate credit would give more options.

8 **Ability to repay**

Time and again we heard stories of how people in need would be offered credit card debt at high levels of interest. Credit providers seemed to assess the ability to repay the minimum payment, rather than the debt in a reasonable period of time. These credit providers represented big banks, finance companies and credit unions. This offer of credit was appealing when people did not know of another way out. It further entrenched them in long term personal debt.

8.1 *Frank was seduced by credit*

Frank, 78, is Australian born, and has higher degree qualifications. He subscribed to the traditional values of the man as the breadwinner and the wife at home looking after the children. He grew up seeing his parents being careful with money. When he started work as a teacher, the banker grilled you and assessed your ability to repay a \$1,000 overdraft.

He recognises that he has never been good with money. Looking back he thinks it was a wrong decision to try and build a new home for their retirement. At the same time, he had offered to help his son-in-law build a unit. The budget blew out, and he used his credit cards to fill the gap. He says “I was happy to take money, any money that was legally offered to me. Then I found it was really all too much to repay.”

The debts mounted to approximately \$100,000 as he paid one credit card with another. He did not talk about money, partly because his wife had left the money management wholly to him. He says, “it was not easy for me to acknowledge that I'd permitted the debts to rise to high levels for me because my income is quite a low income (from superannuation).”

Frank’s son asked if he could help and that unravelled the story of the debt. In the end, the children negotiated with the banks to bring the debt down and paid off the banks. He now is repaying his children.

User Problem: Credit card providers offered credit without assessing the ability to repay. Frank also lacked the information, financial and communication skills to be able to work out that the debt was spiralling out of control and seek to help on his own.

Design solution: Credit card providers should be required to assess consumers' ability to repay the debt rather than just the minimum payment. Education programs should concentrate on teaching information, financial and communication skills.

8.2 Ivan, bankrupt at 24

Ivan declared bankruptcy at 24. By this time he had a loan of \$10,000 with a bank, \$10,000 on his credit card and \$10,000 with a finance company, and he was only talking of the principal amount. He had bought and crashed two cars, been doing drugs since Year 12, was gambling at the pokies and spending freely on alcohol, food and entertainment. At least one of his friends was in the same mix of drugs, gambling and debt. His weekly income at the time he began borrowing was \$420 a week.

Ivan says he grew up not seeing money as important in itself. It was important to use it to be generous. In his family, money was not talked about much. His parents wanted him to be independent and so did not pry. However Ivan's independence was built on borrowed money and time, rather than financial responsibility. When he was working and living at home, he was supposed to pay board, but if he missed a few payments, his mother would not question him.

Ivan wanted to buy a car and his parents were alright with him borrowing from the bank at 10 per cent so that he could be responsible for his own affairs. He was 20 and working. But he crashed the car. Instead of paying off the loan with the insurance money, he spent it on high living and gambling. He then decided to get a credit card with the same bank. He asked for a \$500 limit. There was no place on the form to stipulate the limit, but the bank official on the phone said to write it on the top. The bank instead gave him a limit of \$10,000. He spent most of it, and put \$4,000 towards a deposit for another car. This time he borrowed from a finance company without comparing interest rates. He crashed this car too, but this time the finance company used the insurance money to pay off the loan.

It was only when letters and calls from the bank began arriving home with greater frequency – he had given his parents' address to the bank – that his mother began to wonder. She helped him with some car payments. Ivan's father found out when the household money wasn't proving to be enough. Then it all spilled out. The father then helped sort out the mess by telling the bank it was unscrupulous of the bank to lend that much to his son with such a low income. He had heard that the bank made a habit of lending to the children of their "good" customers. The father also went to the banking ombudsman. The banks agreed to take reduced payments but not to the extent that the father and son wanted. So the son went bankrupt.

Ivan says he could feel his stress levels loosening when he was able to discuss it with his parents. He also is in a stable partnership where both of them are trying to save up for a better unit. Ivan feels his drugs and gambling are also at a controllable level.

User Problem: Financial institutions kept offering credit without assessing previous record or ability to repay.

Design Solution: Educational programs should focus on situations that will arise in a young person's life such as buying a car. They should be given the financial, information and communication skills. Credit providers have a responsibility to not offer credit to persons who cannot easily repay.

9 Means of getting more money

People on welfare live below the poverty line. Research by the Brotherhood of St Laurence found that except for couples or people over 65 on support pensions, all households that receive Centrelink payments fall below the poverty line. Employed singles are the most disadvantaged, but in the second category are employed couples and single parents with children (Brotherhood of St Laurence 2004). Five of our participants had tried to get more work so they could get more money. The work was in cash so that they did not lose most of the money they earned in reduced welfare benefits. Donna, 35-44 and Lena, 45-54 are both on welfare benefits and struggling to survive.

Donna says it has been a demeaning experience going on welfare. You feel that at every point the government is accusing you of being a dole bludger. And the constant having to do without, not being able to go anywhere or being able to improve yourself or make yourself feel better due to a lack of money. She talks of not being able to buy a hairbrush. She says

I mean, I haven't even had money to have, like, to be able to buy a hairbrush, for example, a \$10 hairbrush because I've been budgeting so much...and even to go and have a haircut, you know, just things like that, to go and have a massage for my back to make me feel better.

Donna thinks with the cost of living being so much higher than what a person can afford, welfare benefits should be increased. "They just should make it that you've got enough money to live because it's not enough money to live on with the costs of rental and all that sort of stuff".

Barbara, who budgets to the last five cents, can manage day to day things and the running of her car on the pension but whenever there is a crisis, Barbara says "you pretty much have to pray for a miracle because there is just not enough money to get the things like your white goods for instance when they die".

Bela who has six children to look after says that once she pays off her car next year, she is going to go on welfare and stop work. She says with the tax they take it discourages people from working. She thought by working she would "get something extra for them" but the tax she pays doesn't make it easier. She sees people of her community living a better life on welfare, while she struggles with her work and pays for child care. The government is not making it easy for her to work and be a good mother, because of the large impost that is placed on her doing more work.

User Problem: More money is needed to meet basic family needs.

Design Solution: Limited paid work should not be penalized by a disproportionate amount of welfare benefits.

10 Conclusion

In this report, we have illustrated some of the major user problems and proposed design solutions through personas and scenarios. These personas and scenarios have re-affirmed that five kinds of actions are needed.

Firstly, education about money has to go beyond learning how to budget, to compare the costs of credit, and the kinds of credit products that are available. These information and financial skills are essential. But it is also important to encourage people to talk of money within their family and with friends, for money is more than a matter of finance. Money management is wrapped up in the way people see themselves and want to be seen. Money should be seen in a positive manner for it can be used to realise aspirations. The ability to communicate about money choices provides a built-in check against over-commitment and its financial and social costs.

Secondly education should enhance life skills, help people articulate their priorities and recognize the family and personal costs of over commitment.

Thirdly, community organisations need to continue and accelerate their work to provide appropriate credit that can help families at risk deal with emergencies and work towards a better future.

Fourthly, it is essential that credit providers only offer credit after assessing consumers' ability to repay the whole debt rather than the minimum payment.

And lastly, ways need to be found to allow families at risk to work to increase their overall income without jeopardizing a larger part of their welfare benefits.

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