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Household Credit Market Report 2020

The impact of COVID-19 on Household Credit

Household Credit Market Report 2020

This special edition of the Central Bank of Ireland's *Household Credit Market Report* (HCMR) provides information on the household credit market since the emergence of COVID-19.[1] It collates information from a wide range of internal and external sources to give an up-to-date picture of developments in the household credit market in Ireland.[2] The report is structured as follows: Section 1 provides an overview of the impact of COVID-19 on households. Section 2 examines new lending and credit lines. Section 3 provides information on the status of the household credit market prior to COVID-19, including debt levels and loan performance. Finally, Box 1 provides a brief overview of fiscal supports available to households affected by COVID-19.

523,834
Persons reliant on COVID-19 labour market supports, August 2020

-11%
The y-o-y drop in the mortgage approval volumes, August 2020

12%
The share of new PDH mortgages with an allowance, June 2020

-12%
The y-o-y decline in consumer credit, August 2020

6.1%
Share of ROI PDH mortgages on a payment break, September 2020

2.08
Median Debt-to-Income ratio for borrowers in sectors directly affected by COVID-19

COVID-19 represents a substantial shock to households and the economy. Household demand for mortgage and consumer credit dropped in the initial phase of the pandemic before recovering but remains below 2019 levels. Banks also reported tightening lending standards on household credit during Q2.

At its peak in May 2020, over a million individuals in the labour force were in receipt of state income support. In June, around a fifth of households were reporting income falls during the pandemic. Household spending patterns and card usage were also affected, with decreased spending on transport and accommodation.

Household mortgage approvals were 11% lower y-o-y in August having fallen 61.9% y-o-y in May, with similar percentage declines observed on consumer credit agreements. Overdraft usage was around 25% lower y-o-y each month between May and August. Regional shares of new mortgage lending held broadly stable in H1 2020 compared to H1 2019, as did the share of mortgages with an allowance to exceed the mortgage regulations but this lending will have been based primarily on pre-approved mortgage applications. Credit enquiries have increased steadily since April but the outlook remains uncertain.

At end-June, 10.1% of PDH mortgages and 6.5% of consumer loans in ROI were on a payment break. Although this fell to 6.1% and 4.3% respectively by early September, some households may require additional supports once payment breaks expire. In June, 5.6% of PDH mortgages were already over 90 days in arrears, with 1 in 12 accounts in arrears for over 10 years.

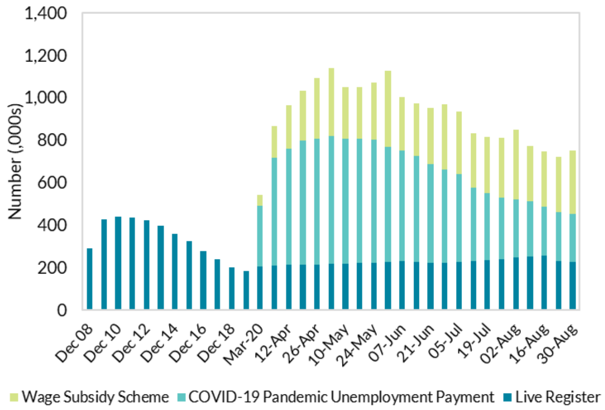
Median debt-to-income ratios are higher among households working in sectors directly affected by COVID-19 related restrictions. Median debt balances and incomes are smaller, however, with mortgage holders less prevalent in these sectors. Uncertainty is high as large numbers of households remain reliant on state income supports, particularly in more directly affected sectors.

[1] Please address any queries on this publication to mfdadmin@centralbank.ie
[2] Appendix A provides information on all data sources used in the report. Appendix B provides a glossary of key terms and abbreviations. Appendix C provides supplementary information applying to each chart, where applicable. Figures may differ from previous HCMR versions where revisions have taken place or where underlying data samples have changed. Figures are compiled on a 'best effort' basis.

1. Impact of COVID-19 on households

Figure 1: 523,834 people were in receipt of the PUP and TWSS state supports as of August 2020

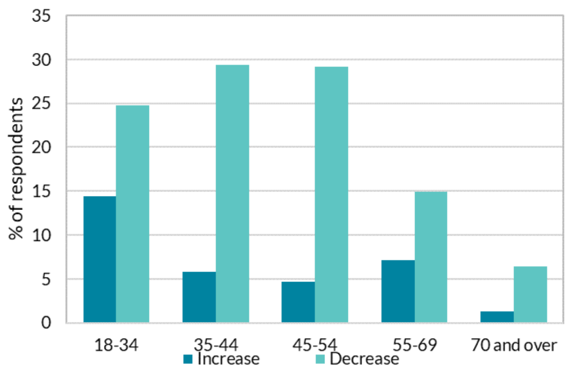
Persons on Live Register, in receipt of the Pandemic Unemployment Payment or a subsidised wage/salary under the COVID-19 Wage Subsidy Scheme, August 2020



Source: CSO, Total Live Register, PUP or TWSS (Without Overlap) Analysis Tables. See Appendix C for details.

Figure 2: 29 per cent of CSO survey respondents aged 35-44 stated that their net income had decreased due to COVID-19

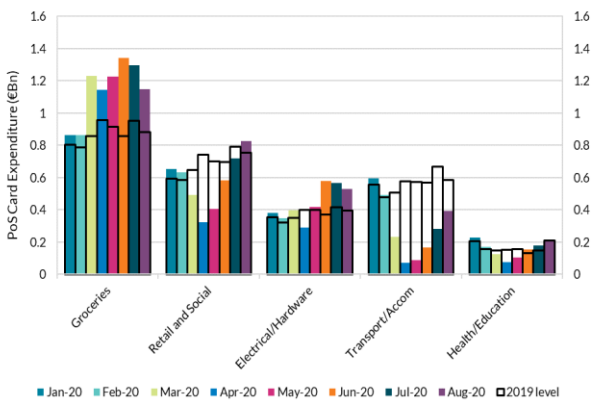
Change in net income by age group, since the introduction of COVID-19 restrictions, survey conducted 10th-17th June 2020



Source: Central Bank calculations using CSO data from the Social Impact of COVID-19 Survey June 2020: A Snapshot of Experiences and Expectations in a Pandemic. See Appendix C for details.

Figure 3: Grocery card transactions grew significantly, while spending on transport and accommodation fell

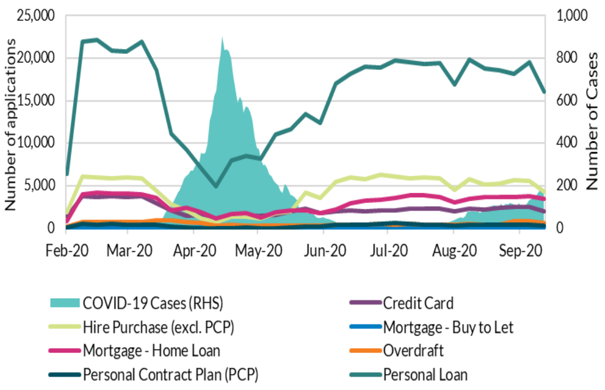
Monthly debit and credit card transactions, by type of expenditure, Jan – August 2020 (vs 2019)



Source: Central Bank, Credit and Debit Card Statistics, Table A.13

Figure 4: Enquiries for household credit decreased for all loan types between March and June 2020

Central Credit Register Enquiries Data and Covid-19 cases, Feb – September 2020



Source: Central Bank Central Credit Register Data. European Centre for Disease Prevention and Control.
Note: Lenders are not required to enquire where a credit application has already been refused. *See Appendix C for details.*

Large number of households experienced an income shock with the emergence of COVID-19. Over half a million (523,834) individuals are still reliant on the TWSS and PUP as at August 2020, although the lockdown peak exceeded 1 million.

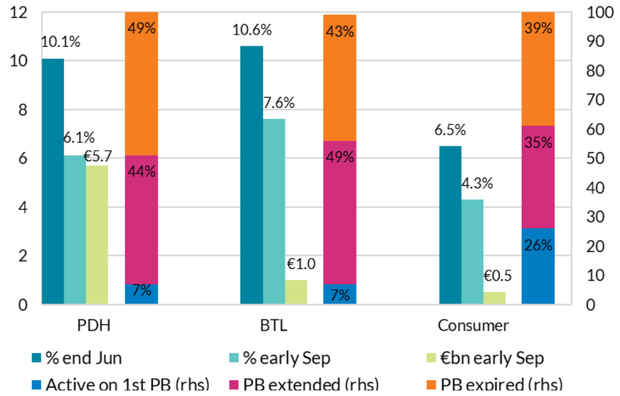
22% of households reported a decrease in their net income. In a CSO survey, respondents aged between 35-54 years old were most likely to report an income cut since the introduction of COVID-19 restrictions, although some studies suggest temporary income gains among the lowest income households.

Household spending patterns also changed dramatically. Credit and debit card transactions for groceries grew significantly between March and August 2020, while expenditure on transport and accommodation fell. Household deposits surged during April/May and remain at an all-time high (Heffernan et al. 2020).

CCR data indicates that households were less likely to apply for debt of any type during March and April 2020. Credit enquiries reached a low in April 2020. New enquiries have steadily increased since, in line with the reopening of the economy. Enquiries to the CCR have stabilised near pre-Covid-19 levels but considerable uncertainty remains regarding future loan demand.

Figure 5: Although almost half of ROI PDH mortgage payment breaks have expired, 6.1% remain on a payment break in early September

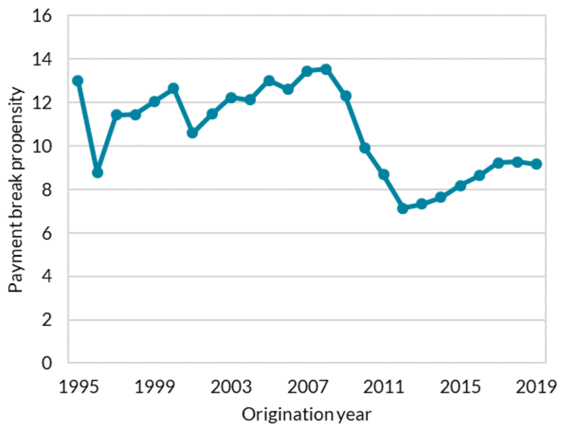
Approved payment breaks - percentage and value, ROI only, June and September 2020 (lhs). Status as at September (rhs).



Source: Central Bank Behind the Data piece September 2020. COVID-19 Payment Breaks – who has needed them? June data as of 19th June 2020, with larger credit unions reporting on 25th June 2020. September data as of 4th September 2020 with all credit unions reporting at 31st July 2020.

Figure 6: Loans originated between 2004 and 2008 accounted for almost 53 per cent of all payment breaks (as at May 2020).

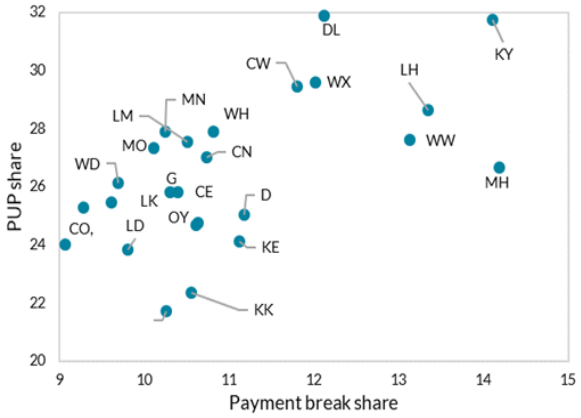
PDH payment break propensity by year of origination, (origination year 1995-2019)



Source: Gaffney, Edward, and Darren Greaney, 2020. "COVID-19 payment breaks on residential mortgages". Central Bank of Ireland Financial Stability Notes, vol. 2020. Note: ROI only

Figure 7: Counties with high payment break shares also had high pandemic unemployment payment (PUP) rates

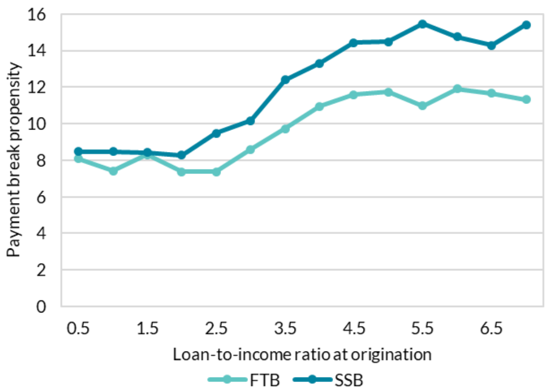
PDH payment break and PUP propensities by County



Source: Gaffney, Edward, and Darren Greaney, 2020. "COVID-19 payment breaks on residential mortgages". Central Bank of Ireland Financial Stability Notes, vol. 2020. Note: ROI only

Figure 8: Borrowers who originated their loans on a higher LTI were more likely to have a payment break

PDH payment break propensity by LTI at origination



Source: Gaffney, Edward, and Darren Greaney, 2020. "COVID-19 payment breaks on residential mortgages". Central Bank of Ireland Financial Stability Notes, vol. 2020. Note: ROI only

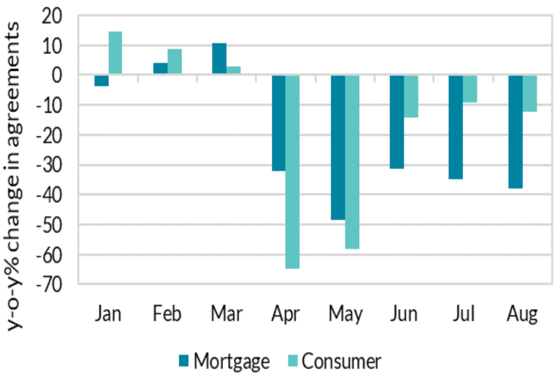
At end June, payment breaks representing €11.5 billion of loans were approved for Irish household borrowers (PDH, BTL and consumer loans). This was equivalent to 10.1% of Irish PDH mortgages and 6.5% of consumer loans. By early September, although almost half of mortgage payment breaks had expired, 6.1% of Irish PDH mortgages and 4.3% of consumer loans remained on a payment break. In general, over 90 per cent of borrowers with expired payment breaks within retail banks have returned to making full repayments on existing terms. However, 44% of Irish PDH mortgages and 35% of Irish consumer loans extended their payment breaks. Payment breaks gave households the opportunity to postpone or reduce repayments, providing breathing space for borrowers from the severe income impact of COVID-19. Payment breaks agreed from end-March 2020 will begin to come to the end of their maximum agreed duration from end-September 2020 onward. Borrowers who continue to experience financial distress should engage early with their lenders before their payment breaks expire.

Mortgage payment breaks were most common among loans with a previous modification (40 per cent), those originated during the mid-2000s (pre-financial crisis), in counties with a high share of pandemic unemployment payments (PUP) and for loans originated on a high loan-to-income ratio. Loans originated between 2004 and 2008 accounted for almost 53 per cent of all mortgage payment breaks. Loans issued since the introduction of the mortgage measures in 2015 were less likely than the average mortgage to be on a payment break. Counties with high rates of pandemic unemployment payments (e.g. Kerry, Donegal) and Dublin commuter counties (many mid-2000s mortgages) had higher mortgage payment break shares. Both first-time-buyers (FTBs) and second-time-buyers (SSBs) with high origination loan-to-income ratios had a higher propensity to be on a mortgage payment break. The average PDH household with a mortgage payment break in May 2020 owed €173,000 in terms of outstanding balance as at December 2019.

2. New Lending and Credit Lines

Figure 9: Agreements for both mortgage and consumer credit dropped significantly between April and August 2020, compared to 2019.

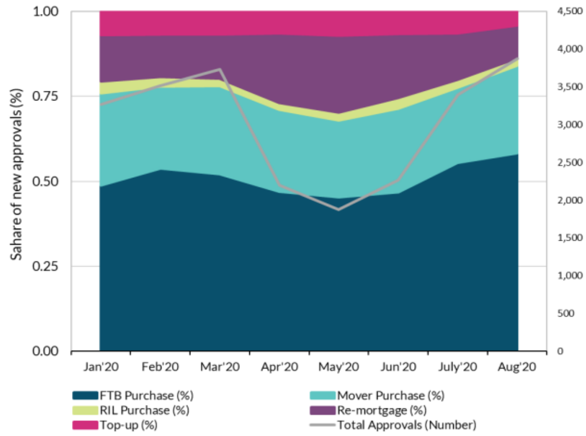
Y-o-y change in agreements for mortgage and consumer credit, Jan – August 2020



Source: Central Bank, Table B.2.1 Retail Interest Rates and Volumes - Loans and Deposits, New Business

Figure 10: Mortgage Approvals dropped across all buyer types in March to May 2020 with volumes beginning to increase again between June and August

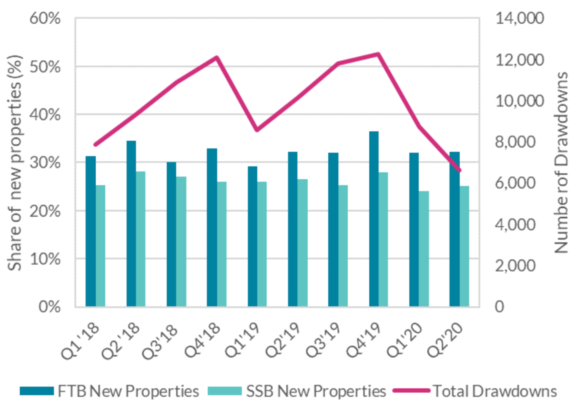
Total Approvals and approvals by credit type, January – August 2020



Source: Banking & Payments Federation Ireland.

Figure 11: Total mortgage drawdowns decreased between Q1 and Q2 2020, with no change in the share of newly-constructed properties purchased by both FTBs and SSBs

Total Mortgage Drawdowns and share of newly constructed properties purchased, by borrower type, Q1 2018 – Q2 2020

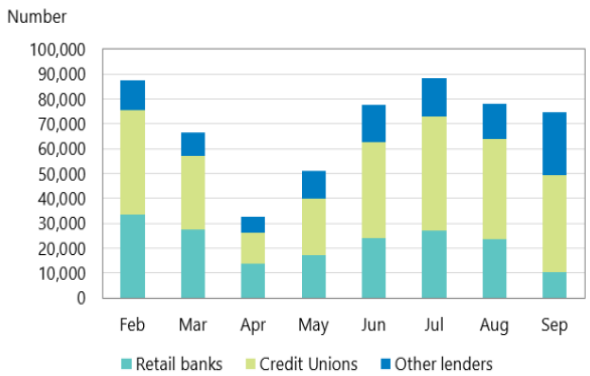


Source: Banking & Payments Federation Ireland.

Note: The share of newly constructed properties refers to the share of total FTB drawdowns that were for a newly constructed property. The same definition applies to the SSB share. See Appendix C for details.

Figure 12: Personal loan enquiries dropped from 80,000 in March 2020, to less than 40,000 applications in April 2020 before recovering

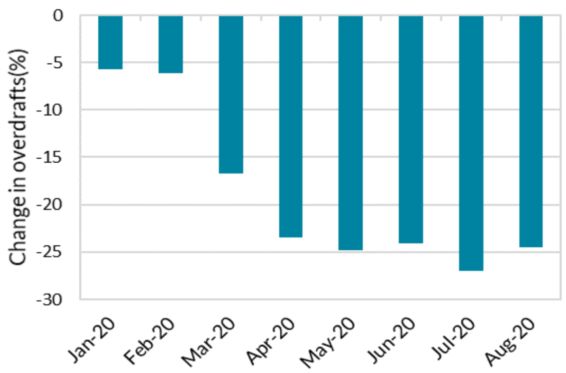
Personal loan enquiries by type of credit institution, February – September 2020



Source: Central Bank Central Credit Register Data. Note: Lenders are not required to enquire where a credit application has already been refused. Note: Data for September is as at 27th September 2020

Figure 13: Households' usage of overdrafts also fell significantly compared to 2019

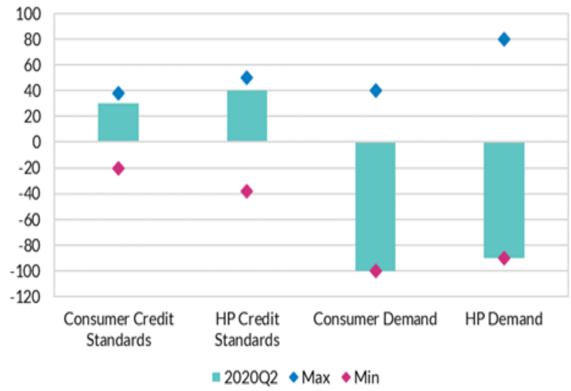
Year-on-Year changes in value of overdrafts, January – August 2020



Source: Central Bank, Credit and Banking Statistics, Table B.1.2. Includes credit card debt. See Appendix C for details.

Figure 14: Banks report household appetite for both mortgage and consumer credit fell in Q2 2020, while credit standards tightened

Credit standards and demand for consumer credit and house purchase loans, Q2 2020



Source: Bank Lending Survey

Household demand for all types of credit dropped in the initial phase of the pandemic before recovering, but remains below 2019 levels. Banks also reported expecting to tighten lending criteria.

Mortgage and consumer credit agreements dropped sharply during the crisis. A drop in mortgage approvals was observed across all mortgage buyer types, with some recovery from June / July. Mortgage drawdown activity also fell across all buyer types, however there was no change in the share of newly constructed properties as a percentage of total FTB purchases or as a percentage of total SSB purchases.

Personal loan enquiries fell in April 2020, with recovery evident from May onward. This fall in enquiries took place across all types of lending institutions, including credit unions and non-banks.

Reliance on household overdrafts fell by 24% year on year in August 2020. Unlike firms where usage initially increased, the value of household overdrafts has fallen each month in 2020, compared to 2019.

Banks expected a large decrease in demand for loans for house purchase and for consumer credit in Q2 2020, while credit standards rose. Banks expected to tighten their decision criteria for granting loans to households in Q2, given changes in the economic outlook and concerns about borrowers' creditworthiness. Household loan demand was expected to increase in Q3 (Byrne et al. 2020).

Table 1: While volumes fell, characteristics were broadly stable in H1 among Dublin & non-Dublin borrowers

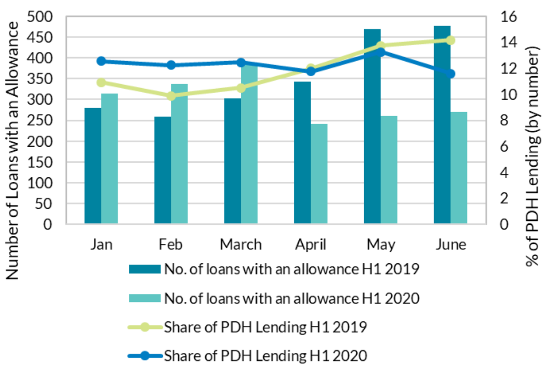
New Mortgage Lending, Q1 2020 vs Q2 2020

	Q1 2020				Q2 2020			
Average Characteristics	FTB Dublin	FTB Non-Dublin	SSB Dublin	SSB Non-Dublin	FTB Dublin	FTB Non-Dublin	SSB Dublin	SSB Non-Dublin
Loan Size (€)	304,123	203,534	368,590	229,488	294,221	204,355	361,043	227,303
Property Value(€)	384,777	251,430	566,276	341,505	364,121	250,379	556,316	343,568
OLTV (%)	80.1	81.9	67.3	68.9	81.3	82.4	66.8	67.7
OLTI (%)	3.4	3.0	2.9	2.5	3.4	3.0	2.9	2.5
Loan Term (Years)	29	29	25	24	30	29	25	24
Income (€)	92,747	69,814	135,818	99,205	89,109	69,254	127,076	96,385
Age (Years)	35	35	42	42	35	34	42	42
Deposit (€)	80,376	47,596	197,491	110,820	69,900	45,803	195,273	115,495
Size (Sq.feet)	1,108	1,509	1,492	1,942	1,097	1,550	1,493	1,926
Apt/Other (%)	22.8	7.3	10.6	6.2	22.4	6.4	8.2	8.3
Detached (%)	5.7	42.0	20.6	64.4	4.9	43.4	19.1	65.0
Semi/Terrace(%)	71.5	50.7	68.9	29.4	72.7	50.2	72.7	26.7
New Property (%)	27	35	18	29	20	38	16	31
Self-Builds (%)	1	16	2.4	17	1	18	1	19
Number of Loans	1,291	3,084	822	1,360	937	2,325	477	1,031
Share PDH Lending (%)	19.7	47.0	12.5	20.7	19.6	48.7	10	21.6

Source: Central Bank MT Data. See Appendix C for details.

Figure 15: From April to June the number of allowances fell compared to H1 2019, but proportionally they remained steady

Share of PDH allowances originated by month

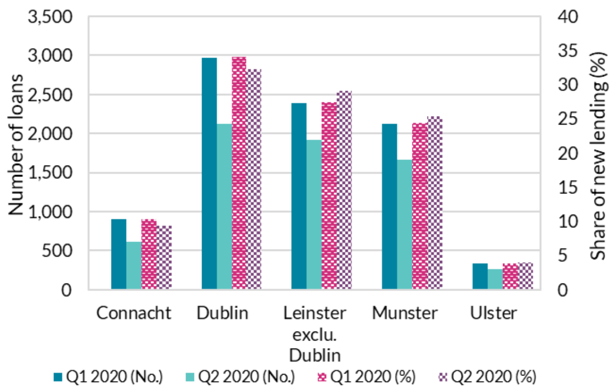


Source: Central Bank Calculations using MT Data. See Appendix C for details.

Note: A small number of loans have both an LTV and LTI Allowance

Figure 16: Lending fell across all regions but regional shares remained stable in Q1 and Q2 2020

Lending by Collateral Region Q1 and Q2 2020



Source: Central Bank Calculations using MT Data. See Appendix C for details.

Note: Based on the collateral location of the purchased property

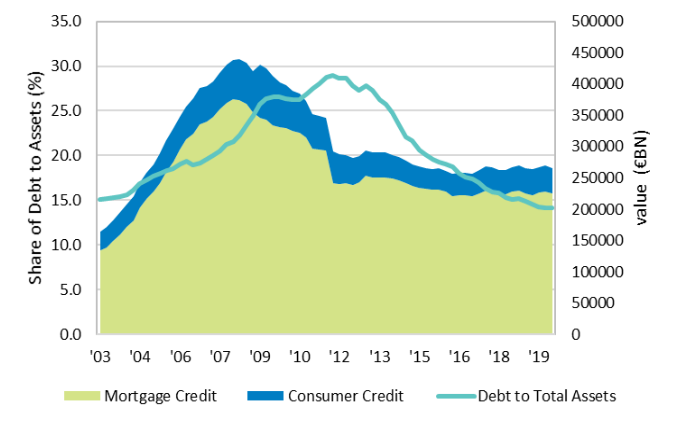
Borrower and loan characteristics remained stable for Dublin and non-Dublin borrowers between Q1 and Q2 2020. Regional shares of new mortgage lending were also consistent between Q1 and Q2 2020. However, lending in H1 2020 will have been largely based on pre-approved mortgage applications. Any regional shifts related to COVID-19 could become more apparent in H2 2020.

The number of loans with an allowance to exceed the LTV or LTI limits fell during Q2 2020 compared to Q2 2019. However, the share of PDH lending with an allowance was largely consistent across both time periods at 12 per cent in June 2020 compared to 14 percent in June 2019.

3. The Household Credit Market prior to COVID-19

Figure 17: Household debt ratios continue to decline. Mortgage credit represents the bulk of household debt.

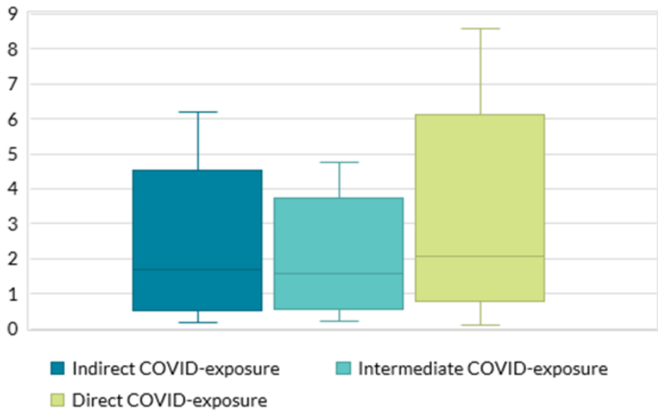
Household DTA Ratio, Stock of Mortgage and Consumer Debt, Q1 2003-Q1 2020



Source: Central Bank, Quarterly Financial Accounts

Figure 18: Debt-to-Income ratios were higher among households working in sectors directly affected by the COVID-19 shock...

Current Debt-to-Income by Sector, 2018

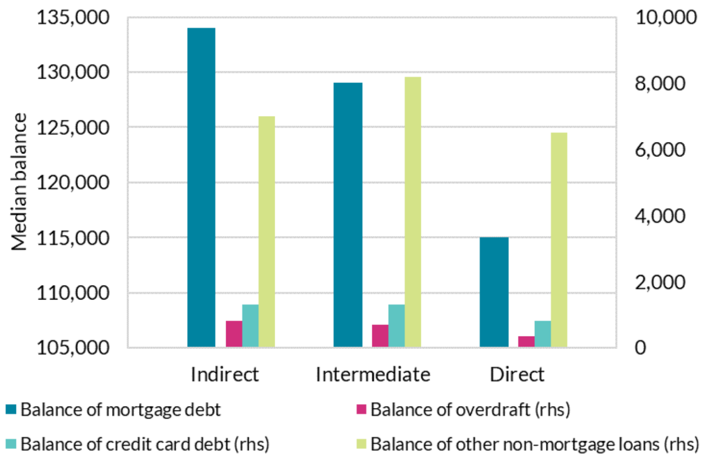


Source: HFCS. See Appendix C for sector definitions.

Note: Conditional on the household holding debt. Just over half of households in the HFCS data have some form of debt

Figure 19: ... but Median mortgage and consumer debt balances were lower in directly affected sectors due to lower incomes

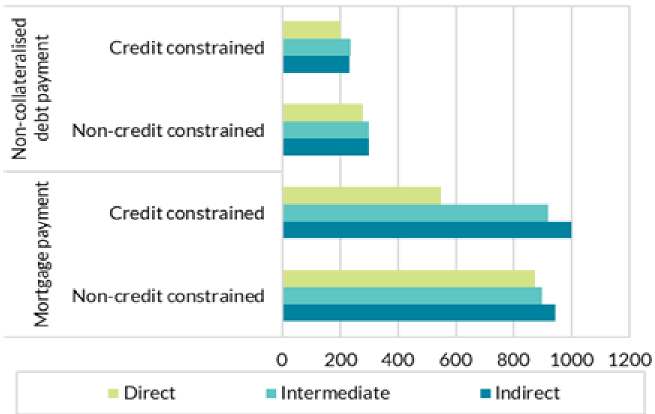
Median Mortgage and Non-Mortgage Debt Balances, 2018



Source: HFCS. See Annex / Box 4 FSR 2020H1 for sector definitions. Conditional on the household holding relevant debt.

Figure 20: Monthly mortgage and consumer debt instalments were also smaller in directly affected sectors and especially among households who were already credit constrained

Median mortgage repayment and consumer debt repayment for non-constrained and credit-constrained HHs by sector, 2018



Source: HFCS. See Appendix C for sector and credit constrained definitions

Household debt is lower in the run-up to this crisis than the global financial crisis, declining to €133 billion or €26,979 per capita in Q1 20. Household Debt-to-assets fell from 14.9 in Q1 2019 to 14.2 in Q1 2020. The outstanding stock of mortgage credit in August 2020 was c. €91 billion, just over six times the consumer credit stock of c. €14 billion. Two-thirds of consumer credit was between 1 and 5 years. In 2018, around a quarter of Irish households had PDH mortgage debt, 7 per cent had other mortgage debt and 30 per cent had non-mortgage debt according to Horan et al. (2020).

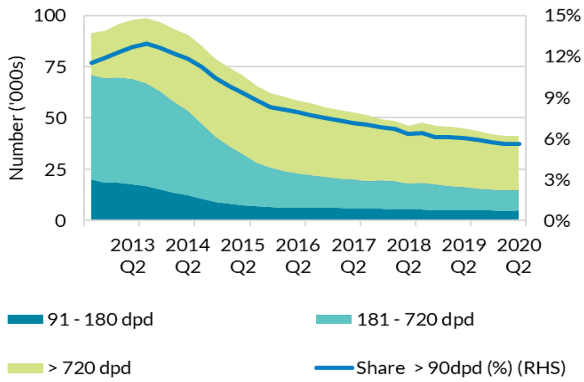
Debt-to-income ratios in sectors with direct exposure to COVID-19 related restrictions were higher than other sectors. Household borrowers employed in these direct sectors had a median debt to income ratio of 2.1 in 2018, compared to 1.6 in sectors with intermediate exposure, suggesting the former group may have a heightened vulnerability to the economic effects of the pandemic. However, mortgage holders are less prevalent in these directly affected sectors.

Median debt balances, both for mortgages and other types of debt were lower in sectors directly affected by COVID-19, reflecting lower incomes for households in these sectors. The median mortgage balance outstanding in the directly exposed sectors was €115,000, median credit card debt was €800 and median other outstanding debt was €6,500. By comparison, in the indirectly affected sectors, the medians were €134,000, €1,300 and €7,000 respectively.

Median monthly mortgage and consumer debt instalments were smaller among those working in directly affected sectors. This was particularly so among those who self-reported being credit constrained in 2018.

Figure 21: A total of 41,061 loans were in arrears greater than 90 days past due as at Q2 2020

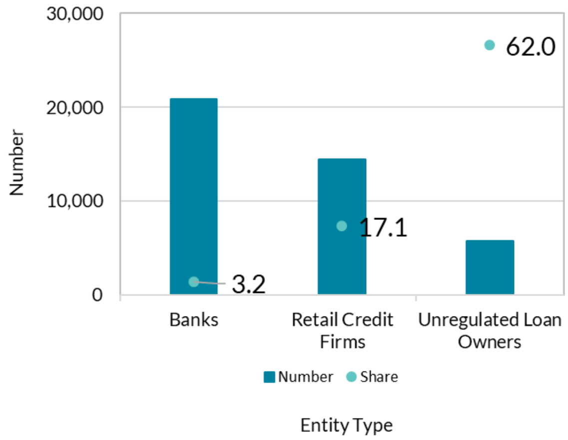
Number, Share and Depth of PDH Mortgage Arrears, Q3 2012 – Q2 2020



Source: Residential Mortgage Arrears and Repossession Statistics. See Appendix C for details.

Figure 22: Non-Banks held a smaller number of mortgages relative to banks but had higher arrears rates

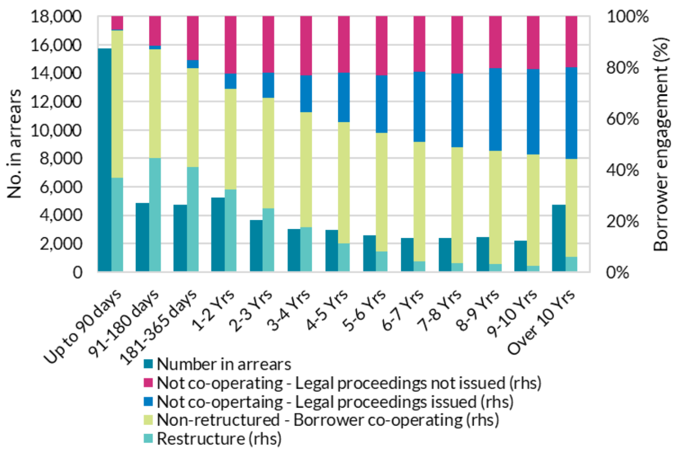
PDH Mortgage Loan Accounts in Arrears over 90dpd and Share of PDH Mortgages in Arrears over 90dpd by Entity Type,



Source: Residential Mortgage Arrears and Repossession Statistics

Figure 23: Approximately 40% of mortgages in arrears of more than ninety days are co-operating with lenders

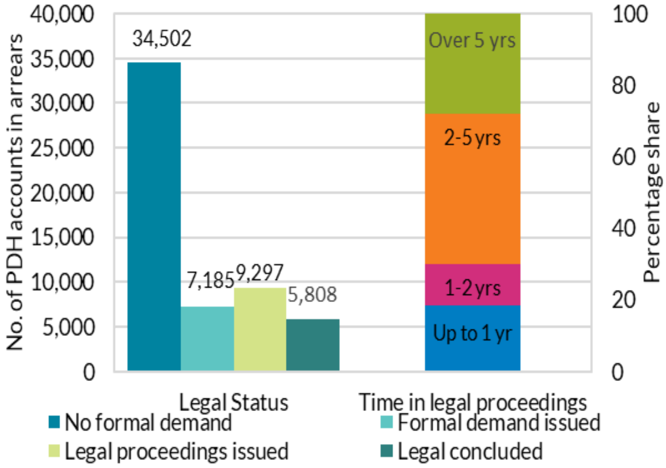
Borrower co-operation status, Q2 2020



Source: Understanding Long-term Mortgage Arrears in Ireland, Behind the Data, September 2020. See Appendix C for further information.

Figure 24: Just under 10,000 mortgage accounts in arrears have had legal proceedings issued

Legal Status of current PDH mortgages in arrears, Q2 2020



Source: Understanding Long-term Mortgage Arrears in Ireland, Behind the Data, September 2020.

Despite the overall decline in the total number of PDH arrears, a large percentage of loans in arrears are in long-term arrears (5.6 per cent over 90 days past due (dpd) and 3.6 per cent over 720dpd). A total of 41,061 accounts are in arrears greater than 90 dpd as at Q2 2020, with almost one-third of all past due accounts over five years in arrears, while eight per cent are more than ten years in arrears.

While Retail Credit Firms and Credit Servicing Firms hold a small number of mortgages relative to banks they hold a higher share of longer-term arrears accounts. As at Q2 2020, there were 20,848 outstanding PDH mortgages at banks that were in arrears over 90 days, with 14,464 at retail credit firms (RCFs) and 5,749 at Credit Servicing Firms (CSFs). These figures correspond to approximately 3.2 per cent of outstanding PDH mortgages at banks being in arrears over 90 days, with the figures for RCFs and CSFs at 17.1 and 62 per cent respectively. Non-banks now hold a higher share of longer-term arrears, representing just over two-thirds of all accounts with accumulated arrears equivalent to ten years of payments (Duignan et al, 2020).

The higher the arrears accumulated, the more likely it is that a borrower is not in a current restructure arrangement, and is classified as not co-operating. These accounts are also more likely to have had legal proceedings issued. Over 60 per cent of mortgages in arrears had no formal legal demand made. For accounts over 10 years in arrears, 35 per cent of non-cooperating mortgages had legal proceedings issued while another 20 per cent were classified as not restructured and not co-operating but with no legal proceedings issued (borrower co-operation is defined per Code of Conduct on Mortgage Arrears).

Where legal proceedings were issued, the most common time in legal proceedings from first hearing was 2 – 5 years (3916 accounts). Another 27 per cent have been in legal proceedings for over 5 years (2,595 accounts).

Box 1: COVID-19 supports for households

Box author: Eoghan O'Brien (eoghan.obrien@centralbank.ie)

Many fiscal supports have been made available to Irish households to mitigate the income shock caused by COVID-19. To put the scale of these supports into context this box outlines the main Irish fiscal measures (Table 2) and compares fiscal expenditure on household supports as well as features of household loan moratoria across selected countries.

The largest Irish scheme for households is the Pandemic Unemployment Payment, with over 602,107 people in receipt of the payment at its peak. This support has been in place in conjunction with the Temporary Wage Subsidy scheme (TWSS), which supports firms experiencing significant downturn in turnover due to COVID-19 to retain employees on their payroll. As of September 1st 2020, the Employment Wage Subsidy scheme (EWSS) replaces the TWSS and the PUP scheme is planned to be gradually phased out by April 2021 but could be extended if required. The projected total fiscal cost of COVID-19 labour market supports in Ireland is estimated at €11.4 billion or approximately 5.8% of GNI* (IMF, 2020).

Alongside these fiscal supports, a number of forbearance measures have been put in place by the Irish government and industrial bodies to reduce some of the expenditure burdens for those impacted financially as a result of COVID-19. This includes payment breaks on mortgages and consumer loans agreed by Irish retail banks and non-banks, a temporary legislative ban on evictions and rent increases, and a moratorium issued by the Commission for Regulation of Utilities on gas and electricity disconnections related to utility bill arrears.

Table 2: Selected Irish fiscal supports for households

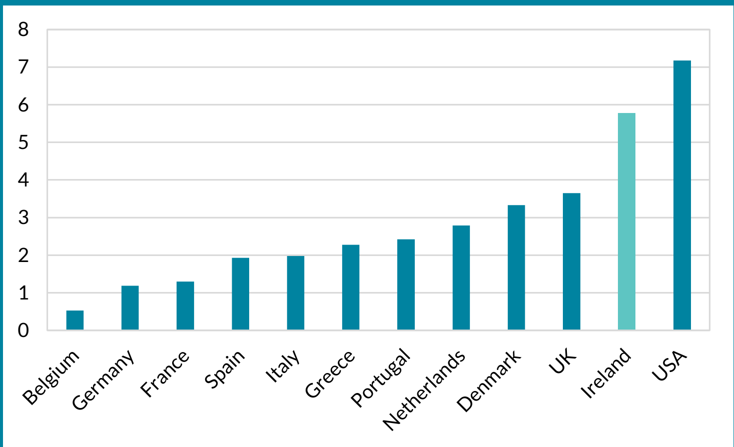
Policy	Details as at 20/09/20	Terms
Pandemic Unemployment Payment (PUP)	Social welfare payment of €203-€300 per week.	Available to employees or self-employed people who have lost their employment due to COVID-19. Rate of pay is determined based on previous gross weekly earnings.
Temporary/ Employment Wage Subsidy Scheme (TWSS/EWSS)	A weekly subsidy of up to €203 per qualifying employee to support the wages of employees at businesses negatively impacted by COVID-19.	Under the EWSS, firms must demonstrate they will experience a 30% reduction in turnover due to COVID-19 between July 1st and December 31st 2020.
VAT reduction	Reduction in the standard rate of Value-Added Tax (VAT) from 23% to 21%.	Effective as of September 1st and due to last 6-months at an estimated cost of €440 million to the exchequer.

Training, education and skills development	Investment in training and education, skills development, work placement schemes, recruitment subsidies, and job search and assistance measures, for those who have lost their jobs.	Support will consist of €200 million investment to support work placement and experience schemes, additional places in higher education and additional funding for the training support grant.
Stay and Spend incentive	Tax refund of up to €125 on accommodation, food and non-alcoholic drink expenditure.	Allows individuals to claim back 20% of their bill as an income tax rebate on qualifying expenditure in restaurants, pubs, hotels and B&B's.
Enhanced Help to Buy scheme	Increased relief of up to €30,000 for applicants who satisfy certain conditions.	Available to applicants who sign a contract for the purchase of a new house or apartment, or make the first draw down of a mortgage for a self-build property between July 23rd and December 31st 2020.
Other Supports	Cycle to Work -> Stamp duty payment deferral ->	An increased allowable expenditure from €1,000 to €1,500 in respect of "ebikes," and €1,250 in respect of other bicycles. Annual collection of payment of €30 stamp duty on credit card accounts deferred from April to July.

Comparing fiscal supports across countries, in May, it was estimated that close to 50 million jobs have been supported in OECD countries by job retention programmes (OECD, 2020). These job retention schemes take the form of a wage subsidy, similar to TWSS and EWSS implemented in Ireland, or short-time work schemes where employers are subsidised for hours not worked as a result of restrictions or reduced business activity. For example, the UK's Coronavirus Job Retention scheme allows employers to claim support to cover a portion of the wages of furloughed employees. Germany's expanded *Kurzarbeit* scheme helps compensate workers at effected businesses, with the government supporting 60% of lost income as a result of reduced working hours. In the United States, the Paycheck Protection Programme allows small businesses to avail of loans to support employee wages during the crisis, which are forgiven on the condition that employees are retained and wages have not been impacted. Figure 25 compares the size of fiscal supports introduced to support vulnerable households in response to COVID-19 across a selection of countries.

In terms of household debt moratoria, criteria vary quite widely across European countries. A selection of characteristics are listed in Table 3: the maximum duration of the moratorium available, whether interest accrues during the moratorium, if it is based on applicable national law (legislative), and whether households must meet COVID-19 related financial distress eligibility criteria in order to avail of the moratorium.

Figure 25: Fiscal expenditure on labour market support, income tax cancellations, and other direct household welfare payments in response to COVID-19 (% of 2019 GDP)



Source: Bruegel, IMF, Eurostat, CSO. Irish figure as a % of GNI (2018). Figures compiled on a 'best effort' basis.*

Table 3: Features of household debt moratorium measures across European countries

Country	AT	BE	CY	CZ	DE	EE	GR	HR	HU	IE	IT	LT	LV	MT	PT	SK
Max duration (months)	7	6	9	6	9	12*	12	12	12	6	18*	12*	12*	6	12	9
Interest accrued?		✓	✓	✓		×	×		✓	✓	✓	×	×	✓	✓	✓
Legislative?	✓	✓	✓	✓	×	×	×		✓	×		×	×	✓	✓	✓
Eligibility criteria?	×	✓	×	✓	✓	×	✓	✓	×	✓	✓	×	✓	✓	✓	✓

Source: ESRB. Compiled on a 'best effort' basis - reporting data gaps exist / results to be interpreted with caution.
**Max duration of 6 months for consumer loans.*

Appendix A: Data Sources

Data Sources and Definitions:

- Central Bank of Ireland Credit and Banking Statistics, Interest Rate Statistics and Quarterly Financial Accounts aggregate statistics, loan-level data collected by the Central Bank of Ireland from the Irish domestic banks, the Banking and Payments Federation Ireland and the Central Statistics Office.
- The loan data presented from the Credit and Banking Statistics represents securitised and non-securitised loans from Irish resident financial institutions. This is a lower bound figure, as it does not include Irish banks that were previously in the reporting population to the Central Bank but have since left the market and banks whose mortgage loan books have been sold to non-banks or sub-prime mortgages.
- CSO data from the Social Impact of COVID-19 Survey June 2020: A Snapshot of Experiences and Expectations in a Pandemic.
- CSO data on live register, PUP and TWSS figures.
- Central Bank, Private Household Credit and Deposits provides information on card transactions by households
- Central Bank of Ireland Central Credit Register (CCR) data provides information on enquiries for new lending across all lending types
- Central Bank of Ireland loan-level data from the Monitoring Template Data: This data provides information on a wide range of loan and borrower characteristics including outstanding balances, loan terms and loan repayment for the population of mortgage loans at AIB, BOI, Ulster Bank, KBC, Finance Ireland, PTSB and Dilosk. Figures and tables based on the MTD may differ from previous HCMR versions where revisions have taken place or where underlying data samples have changed
- Central Bank of Ireland payment break data
- Central Bank of Ireland Residential Mortgage Arrears and Repossession Statistics.
- Banking and Payments Federation Ireland, Mortgage Drawdowns Report and Housing Market Monitor.
- HFCS data from the Household, Finance and Consumption Survey in 2018
- BLS Bank Lending Survey provides information on bank lending conditions. It supplements existing statistics with information on changes in credit standards and loan demand for enterprises and households
- This report has been compiled including published data available at, or before, the **15st October 2020.**

Appendix B: Glossary of Key Terms and Abbreviations

The following are key terms used in this document:

- CC Consumer Credit
- FTB First Time Buyer
- MTD Monitoring Template Data held by the Central Bank of Ireland
- OLTV Originating Loan-to-Value Ratio
- OLTI Originating Loan-to-Income Ratio
- PDH Principal Dwelling House
- RIL Retail Investment Loan for Residential Property Purchase
- SSB Second and Subsequent Borrowers
- HCMR Household Credit Market Report
- RCF Retail Credit Firms
- DPD Days Past Due
- HFCS Household Finance and Consumption Survey Data
- CCR Central Credit Register Data held by the Central Bank of Ireland
- CSF Credit Servicing Firm
- PUP Pandemic Unemployment Payment
- TWSS Temporary Wage Subsidy Scheme
- LTI Loan to Income
- CSO Central Statistics Office
- DTI Debt to Income
- BLS Bank Lending Survey

Appendix C: Information on Charts and Data Composition

- **Figure 1:** CSO data
- **Figure 2:** Data used came from the second round of the Social Impact of COVID-19 survey, conducted by the CSO from 10th-17th June. Most individuals selected to participate received an email from the CSO asking them to complete the questionnaire online, while some were contacted via telephone. The questionnaire asked for information on the following topics: Concerns about the easing of COVID-19 restrictions, Changes in income, expenditure and spending of potential additional money since the introduction of COVID-19 restrictions, Labour market activity and working arrangements of COVID-19, Compliance with official advice. The sample was generated from Labour Force Survey (LFS) respondents that agreed to be contacted for further research and that had provided an email address and phone number.
- **Figure 4:** A lender is not required to enquire/report a credit application to the Central Credit Register where a lender has refused the credit application. COVID-19 cases refer to 7-day moving average of reported cases.
- **Figure 11:** Share of newly constructed properties refers to the share of newly constructed properties purchased by FTBs, as a share of all FTB lending and separately, the share of newly constructed properties purchased by SSBs, as a share of all SSB lending.
- **Figure 13:** Data for overdrafts include revolving loans and extended credit card debt, as well as bank overdrafts.
- **Table 1, Figure 15, Figure 16:** Sample is new property purchase loans and self-builds only. Note: Income refers to the total gross income of all borrowers on the mortgage.
- **Figure 18 – Figure 20**:
    - **Definition of Directly Affected Sectors**: sectors where sales are curtailed by policy that restricts the ability of customers to purchase from firms due to sales typically requiring face-to-face interaction, e.g. hotels, restaurants, cinemas, non-essential retail outlets.
    - **Definition of Intermediate Sectors**: sectors where physical distancing limits supply capacity in the sector, e.g. construction and manufacturing.
    - **Definition of Indirectly Affected Sectors**: sectors that can continue to operate through periods of movement restriction, due to their being deemed essential e.g. pharmaceutical manufacturing, grocery retail, or due to ability of workers to operate from home, e.g. information and communication services, public service. The negative effect, if any, of COVID-19 on these sectors is likely to arise through a generalised downturn in aggregate demand rather than through specific features of public health policy.
- **Figure 20:** In the HFCS, a household is defined as being credit constrained if it answers yes to either of the two following questions: (i) 'In the last three years, has any lender or creditor turned down any request you [or someone in your household] made for credit, or not given you as much credit as you applied for?'; or (ii) 'In the last three years, did you [or another member of your household] consider applying for a loan or credit but then decided not to thinking that the application would be rejected.

Appendix C: Information on Charts and Data Composition

- **Figure 21: DTA:** Assets refers to total financial assets plus estimated housing assets. The latter estimate is based on the size and value of the housing stock. Data on the value of housing is obtained from the CSO's 'Residential Property Price Index'. **Consumer Credit:** Please note that these data are compiled from resident credit institutions only. The increase in the series in Q1 2009 reflects the inclusion of credit unions in the reporting population. These data are taken from the Central Bank Credit, Money and Banking table. A.5.1. Credit Unions entered the reporting population in January 2009.
- **Figure 23:** Borrower co-operating cohort only refers to those not in a restructure. Legal proceedings breakdowns only relate to non-cooperating / not restructured. See behind the data piece *September 2020 for more information.*