ITALY

Document	The over-indebtedness of European households: updated mapping of the situation, nature and causes, effects and initiatives for alleviating its impact - Country report [Italy]
Report prepared by	Daniela Vandone
Checked by	###
Report finalised on	###

1.1 DEFINITION OF OVER-INDEBTEDNESS

The complexity of over-indebtedness makes it difficult to define the phenomenon in a clear-cut way. The most common definition that emerges from the interviews is that over-indebtedness occurs when there is a persistent imbalance between flows of income and obligations and when this situation cannot be mitigated by promptly liquidating personal real and financial assets.

It is important to point out that „obligations“ means not only commitments related to outstanding secured and unsecurd debt, but also other commitments, such as utility bills, rent, house expenses. Thus, the concept of over-indebtedness is closer to a broader concept of financial distress, that takes into accout not only over-commitment due to excess indebtedness but also other conditions of financial instability, such as the inability to face monthly expenses and to balance the budget, arrears in paying utility bills, difficulties in shopping for food or paying the rent. Similarly, the concept of risk of over-indebtedness is closer to a concept of financial fragility, that is households' risk of default on their commitments, especially when hit by adverse income shocks.

The need for a better definition is related to the fact that this view of over-indebtedness, though substantially capturing the nature of the phenomenon, does not allow to identify and divide between „active over-indebtedness“ and „passive over-indebtedness“. The first is caused by excess debt on the part of an individual due to extensive use of credit in the belief of improved future economic and financial conditions; the second is due to the existence of exogenous factors over which the individual has no control (e.g. job loss, death, illness, ...). These factors negatively impact repayment capacity and make no longer sustainable what was once a manageable liability. Clearly the distinction is not always easy to make but it is important to bear it in mind since the second category is the most relevant one, especially during this period of crisis, and it may imply different priorities in terms of public intervention.

P.S. In Italy over-indebtedness has been recently defined in the Law n.3 of January 27th, 2012 "Disposizioni in material di usura ed estorsione, nonché di composizione delle crisi da sovraindebitamento" [Provisions on usury and extortion, and provisions for the settlement of over-indebtedness crisis]. This Law defines over-indebtedness as "a situation of persistent imbalance between obligations and assets that can be promptly liquidated to meet them, and the definitive inability of the obligor to meet regularly its obligations". So far this Law applies only to small business owner and professionals; in March 6th 2012 the Italian Council of Ministers proposed a legislation that aims to extend this Law also to consumers. Until now, however, there are no news on this legislative process.

1.2 LEVEL OF OVER-INDEBTEDNESS

Traditionally Italian households have a low attitude towards indebtedness. According to Bank of Italy Survey[1], in 2010 the percentage of indebted households with financial intermediaries for reasons not related to business activity was 26 per cent (27.8 per cent in 2008). As reported by Bank of Italy, "despite the growth in household debt under way for more than a decade now, households' participation in the credit market is still low in Italy by comparison with the other main industrial countries, particularly as regards mortgages."

Since the level of debt is low, the level of over-indebtedness strictly related to debt is low as well. According to Bank of Italy Survey, "vulnerable households, conventionally defined as those with debt service payments greater than 30 per cent of income, made up 11.1 per cent of all indebted households, or 2.4 per cent of all households". This percentage is about the same as in the 2008 survey[2].

Data from EU-SILC (Table IV – Annex A Civic pdf) show the above-mentioned trends in Italy: the level of mortgages and consumer credit outstanding is well below the EU average. Similarly, the level of arrears on mortgages and consumer credit is lower that the EU average (Table II) and trends are almost stationary. However, if we look at over-indebtedness in the way defined in point 1.1 (i.e. persistent inability to meet all obligations) the picture is definitively worst.

In the last few years, a growing number of families report having problems making ends meet, being unable to face unexpected expenses, being delinquent in paying utility bills or rent, having difficulties in repaying loans. Note that EU-SILC data (Table II – Annex A Civic pdf) shows that in Italy the level of arrears on utility bills is higher that the EU average.

These worsening trends are mainly due to specific factors related to the fragility of the economic environment, rather than to an high level of household debt. Indeed, the crises had a negative impact on the financial and economic situation of households: increase in job loss or reduction of number of working hours, decrease in saving rate, reduction in financial wealth also due to worsening in financial markets trends, reduction in disposable income and level of consumption.

A recent study on Italian households financial fragility gives a clear picture of this worsening situation in Italy[3]. As regards general conditions of economic and financial difficulty, 50% of respondents say that in the current situation they have some problems in "getting to the end of the month" and only just manage to make ends meet. More serious difficulties are

[1] Bank of Italy (2012) "SHIW - Survey on Household Income and Wealth", p.25-27. File n.1 attached.

2 See Table 1 in Annex C. It shows the data available from Bank of Italy on financial vulnerability. Please note that those data are related only to debt and do not take into account other commitments.

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[3] Anderloni et al (2012), Household financial vulnerability: an empirical study. Research in Economics, 66,

[3] Anderloni et al (2012), Household financial vulnerability: an empirical study. Research in Economics, 66, 284:296. Empirical estimates are based on a national survey carried out by Ania - the Italian Association of Insurance Companies - in September 2009; a total number of 3,102 households make up the sample. File n.2 attached.

experienced by 15% of respondents, as a result have to use savings, and 6.1 % say that they have “a lot of problems” and have to ask for help or borrow. Only 2.8% declare having a financial condition that allows them to make ends meet without any difficulty, so allowing them to save quite a bit.

Difficulties appear clearly in the fact that 20% of household heads are unable to cope with a substantial unexpected payment (the figure cited was 700 euros), 50% would have difficulty, whilst the remaining 28%, i.e. those in conditions of economic comfort, would have no problems. Conditions of economic and financial difficulties also emerge from problems in covering the cost of food (14.9% of respondents), essential clothing (24.9%), utilities such as gas and electricity (25.4%), house expenses (26.6%), rent or mortgage payments (26.6%), loan repayments (30.5%). Summarizing, around 40% of respondents state they have found themselves at least once in one of the conditions of difficulty mentioned above. Whilst 12.8% of those interviewed report having problems in meeting commitments in one of the areas, figures for households experiencing multiple problems decrease according to the number of problems faced, with a range which goes from 8.5% for those experiencing two problems to 1.4% for those having difficulties with all six. Payment arrears on a raft of household commitments is also evidence of problems in making ends meet: 61.9% of respondents declared being behind on gas and electricity bills, 74.6% had payment arrears relating to house expenses, 56.2% were behind on the rent, whilst 31.7% and 43.2% had past due positions on mortgages and loans, respectively. Another indicator of financial well-being/fragility is the decision to go without specialised medical care: 28.4% of household heads stated that they had done so for economic reasons, whilst a significant 8.5% preferred not to reply.

1.3 NATURE AND DRIVERS OF OVER-INDEBTEDNESS

1.3.1 Most common types of households that are over-indebted

The most common types of households that are over-indebted/have ongoing difficulties in meeting their financial commitments are lower-income households, with one or two unemployed members of the family, and with a low level of net wealth. Over-indebtedness is also higher among young people, with children, living in rented accommodations or in owner-occupied housing with mortgages. Finally, over-indebtedness is higher when moving from the North to the Center and to the South of Italy; this is likely due to the weaker economic conditions and greater likelihood of financial fragility.

At present, the most common type of household at risk of over-indebtedness is the middle class, as salaries no longer guarantee the living standard they were used. Moreover, their budget sustainability is at risk of being affected by external shocks, like unemployment, reduction in working hours, separation, death, illness. These factors can eliminate or reduce an income source and/or determine unexpected liabilities and consequently shift the household’s situation from budget sustainability to budget criticalities.

1.3.2 Most important causes of households' over-indebtedness

Macro-economic factors

Among macro-economic factors, in Italy the most important and regularly cited causes of over-indebtedness are:

- the unemployment level. According to Bank of Italy[4], in the last quarter of 2011 unemployment rate rose to 9.6% from 8.7% a year earlier; in the first quarter of 2012 it increased again to 10.8%. In particular, the unemployment rate among 15-24 years old rose significantly, by 1.3% to 29.1%.
- the wage level. According to Bank of Italy[5], actual earnings per full-time equivalent employee diminished in real terms for the first time since 1995, falling by 1.3%

These macro-economic factors cause lower income levels that make it difficult for households to repay debts and balance the budget.

Types of credit/loan taken out by households

As far as types of loans, both outstanding mortgages and consumer credit are cited as possible causes of over-indebtedness. However, while the outstanding aggregate stock of unsecured debt of the household sector, mainly in the form of credit cards and personal loans, is small compared to secured debt (20% against 63%), it is likely that unsecured debt is held by households not able to borrow elsewhere because they have either exhausted their mortgage capacity or are considered high risk. In the above-mentioned study (Anderloni et al. 2012) this aspect is specifically analysed and the result is that unsecured debt is a driver of over-indebtedness more than secured debt. One possible explanation is that while secured debt decisions last for a long time and will follow the life-cycle, consumer credit may be associated with an increased inadequacy of the financial and economic positions of indebted households, which renders them vulnerable to possible adverse evolution of their income. To support this idea there is the fact that in recent years there has been an expansionary trend in non-specific purchase-targeted consumer credit products; these loans are not linked to specific purchases (i.e., revolving credit cards, or salary loans) but are suitable to finance daily consumption needs. This tendency appears to indicate that households' indebtedness in consumer credit is not intended for purchase of investment goods but rather appears to be associated with a shortage of liquidity for daily needs. Bank of Italy[6], in its report „Le famiglie italiane nella crisi" [Italian families during crisis] underlines that „unlike in the past, the expense of the poorest 25% of households was driven by an increase in the use of consumer credit. Today they hold 27% of the total of this type of loan".

4 Bank of Italy (2012), Annual Report, pp.72-74. File n.3 attached.

5 Bank of Italy (2012), Annual Report, pp.75-78. File n.3 attached.

6 Bank of Italy (2012), Le famiglie italiane nella crisi", speech by Anna Maria Tarantola vice-director, p.8. File n.4 attached (only available in Italian).

Cost of living

The increased cost of living, mainly in terms of utility costs and housing costs, compared to monthly income is another cause of over-indebtedness. Moreover, such increased cost of living in relative terms is due to reduction in income following unexpected or adverse events. Such events are principally the result of a change in employment conditions, for instance job loss, or a reduction in working hours, a change in the composition of the household, such as the birth of a child or separation, and to other negative shocks like death, illness or injury.

Personal circumstances

Poverty, support payment to families members, decreasing income due to unemployment, divorce separation, incapacity to deal with financial products; all of them are reported as important causes of over-indebtedness also because of the economic and financial crisis.

Two other personal circumstances deserve attention: financial literacy and individuals' behaviour.

In recent years, financial literacy has gained the attention of a wide range of major policy makers, concerned that individuals do not have the knowledge of financial concepts necessary to make decisions best suited to their economic well-being. Indeed, such financial literacy deficiencies can affect individuals' day-to-day money management, ability to put in place savings or insurance solutions designed to safeguard their financial future, capacity to understand risks and consequences of borrowing decisions. In Italy, financial education is a critical point. According to the Bank of Italy Survey[7], 40 per cent of respondents did not correctly answer some questions aimed at measuring their financial competences, and no significant differences in the percentage of correct answers were found compared to 2008.

As far as households behaviour, a growing number of studies in the field of behavioural economics suggests that individual financial choices are influenced not only by socio-demographic and economic variables, but also by psychological factors, which may induce individuals to behave in a way that conflicts with traditional notions of economic rationality. Among others, one of the main aspects that influences household decision-making is that individuals tend to systematically overvalue immediate costs and benefits and undervalue those in the future; in other words, their preferences are not time-consistent, as vice-versa posited by traditional economic models, and they give greater importance to present events in comparison to those in the future. In the field of psychology this concept is linked to impulsivity. The underlying idea is that the more impulsive persons are, the more this will increase their degree of financial vulnerability, as impulsive persons will pay less attention to the consequences of their financial and spending decisions. In particular, household debt decisions, specifically consumer credit decisions, may also be influenced by impulsivity traits, considering that impulsivity is associated with a reduced reflection on the consequences of our own choices. One can say that unsecured debt holding is not in itself a cause of vulnerability, but it may become a determinant for impulsive persons, who are

[7] Bank of Italy (2012) "SHIW - Survey on Household Income and Wealth", p.23-24. File n.1 attached.

pushed to choose “buy now, pay later” solutions that bring immediate gratification at a future cost, without being fully aware of the sustainability of the debt taken on[8].

1.3.3 Changes relevant for levels of over-indebtedness

The main changes in the last five years are:

- changes in the macro-economic situation, i.e. increased unemployment and reduced income in real terms due to economic crisis and austerity mesasures;
- increased accumulation of arrears in paying utilities, telecommunication services, rent due to the increased costs of such services;
- more restrictive lending practices, mainly due to banks’ difficulties in obtaining funds because of the sovereign debt crisis and to banks’ balance sheet constraints;
- increased use of informal loans from relatives and friends;
- increasing co-operation between households at risk of over-indebtedness and creditors to reach a solution (“Moratorium”, see point 1.5.3)

Changes in the regulatory environment are expected but still not effective (law on consumer over-indebtedness, see point 1.1).

1.3.4 Cultural attitude towards debt and actual level of households' over-indebtedness

On the one hand, the Italian cultural attitude against household debt helps in keeping low the level of over-indebtedness. In addition, strong family relationship still play an important role in supporting financial needs, although this „safety net“ is progressively reducing its importance and effectivness. On the other hand, culture and attitude are changing, mainly among younger generations: higher propension to indebtedness and lower possibility to save might drive to an increase of over-indebtedness.

1.4 CONSEQUENCES OF OVER-INDEBTEDNESS

1.4.1 Consequences for affected households

According to interviewed, the most important consequences of over-indebtedness that affect households are related to health (i.e. deteriorating mental health, deteriorating well-being, reduced labour market activity) and to financial exclusion.

As far as the first aspect, there are no surveys that help measure the phenomenon and so it is difficult to quantify the relevance of these consequences (i.e. reduced productivity at work or decreased well-being).

8 On this topic see, for theory and empirical evidence, Ottaviani C. and D. Vandone (2011) Impulsivity and household indebtedness: evidence from real life, Journal of Economic Psychology, 32(5). File n. 5 attached. See also Anderloni et al. (2012), file n.2 attached.

As far as the second aspect, over-indebted households are undoubtedly at risk of financial exclusion. Over-indebted households are signed in a central credit register, since they are people in arrears with the repayment of their loans. Consequently, they have problems in getting new credit since banks are allowed to check this register before granting new credit; they may have to pay very high risk premium or they may be completely rationed.

Moreover, when a situation of financial distress is not already clear, but the applicant presents many elements of economic and financial weakness, commercial banks are not interested in serving them. Consequently these households may apply to alternative financial providers that offer credit services that are not convenient due to their high interest rates and charges, the limited amount they offer that often multiply the number of different contracts signed, and the short terms for the reimbursement. This feeds a vicious circle where the sequence of over-indebtedness, payment difficulties, insolvency and financial exclusion is often found.

At the same time, on the demand side, those who experience over-indebtedness conditions may be induced to quit the financial market: negative experience in managing debts and dealing with banks may generate fear of loss of control, and preference to manage the family budget only by cash.

1.4.2 Consequences of over-indebtedness for the financial services industry

For the financial services industry the most important consequence of over-indebtedness is the amount of non-performing loans. According to the Bank of Italy Annual Report[9,] the flow of new bad debts of banks and financial companies operating in Italy amounted to €32.2 billion (11.2 per cent the ratio of non-performing loans to total exposures to customers); this figure represents a significant increase with respect to pre-crisis values, which averaged €11.3 billion in 2000-07. It is kept high in part by the slowness of procedures to recover non-performing loans: in Italy, the costs of defaulted credits is a critical point, since the justice system is not efficient in terms of years necessary to close proceedings. The length of justice procedures is now a very important topic in our country but it’s hard to forecast now when this problem will find a solution.

Another consequence of over-indebtedness for the financial service industry is the lower outstanding amount of new credits. From the supply side, in the last few years banks have adopted more restrictive credit supply policies and reduced the amount of credit granted to households; from the demand side, households have reduced their demand in response both to the worsening of the economic cycle that is affecting households willingness to borrow and to a sizable increase in risk premium and, consequently, interest rates.

1.4.3 Economic and social consequences of over-indebtedness for society

According to interviewed, the most important economic and social consequences of over-indebtedness for the society are costs of housing provision for households affected by home

9 File n.3 attached, p.155.

repossession, costs associated with assisting households to repay debts/arrears, costs for provision of debt advice services, reduced productivity at work.

Again, there are no surveys that help measuring the phenomenon and so it is difficult to quantify the relevance of these consequences. In general, in Italy very little has been done to deal with over-indebtedness and only few and sporadic initiatives have been done to advice and assist over-indebted households; in this sense the direct costs for the society so far have been small, while indirect costs are difficult to proxy.

1.4.4 Debt collection practices

In Italy in recent years banks have adopted stricter rules for households in arrears with the repayment of their loans and credit collection is planned in shorter time periods. Stricter rules do not aply to households under Moratorium (see point 1.5.3)

1.5 MEASURES IN FORCE TO ALLEVIATE THE IMPACT OF OVER-INDEBTEDNESS

1.5.1 Early identification of households at risk

At present, measures to early identify households at risk only belong to the financial services industry. Consumer associations provide services in order to advice and help households at risk or already in difficulties, while the government (e.g. social affair offices,…) so far does not offer any initiative.

Each bank has its own procedure for evaluating the credit worthiness of people making credit application and for monitoring the situation. Generally, the analysis is based on the evaluation of the financial, economic and wealth situation, on the value of the guarantees and on information provided by credit databases.

In recent years, banks have started to use indicators to identify the level of households' indebtedness linked not only to the existence of other outstanding debts, but also to the compositions of households (number of members, presence of children, …) and the typical expenses of households (utility costs, housing costs, transport, food, education). This method makes lenders better able to identify the level of service of debt affordable by households given their disposable income and taking into account all expenses that they can not compress, and allows lenders to support responsible lending

1.5.2 Advice offered to over-indebted households

The most frequent answer given by interviewed to this question is “don’t know/no answer”. The reason is that at present in Italy there are no organization (public or private) that offer advices to over-indebted households at country level and on a regulated basis. There are only few initiatives by consumer associations and non-profit organizations - like Adiconsum and Caritas Bolzano – that offer personalised debt advice. In particular, Adiconsum offers consultancy and free psychological support for over-indebted households that apply for financial support from the “Fondo di Prevenzione Usura” [Usury Prevention Fund]. This Fund is targeted to over-indebted households. By providing guarantees, the Fund allows banks to grant loans to individuals and households that otherwise would be excluded from the formal credit circuit.

Demand for debt advice as assessed by stakeholders

According to 50 per cent of the interviewed, demand for debt advice fairly increased in recent years. The others 50 per cent did not answer; the reason may be that in Italy households do not even know what kind of instruments there exist or might exist in order to face their over-indebtedness problems.

Funding of debt advice

There is no funding of debt advice, as it does not exist. As above-mentioned, there are not specific funds except for the Usury Prevention Fund[10].

1.5.3 Key measures in place to alleviate the impact of over-indebtedness

At present, in Italy there are not legal or formal procedures to alleviate the impact of over-indebtedness, like restructure plans or cancellation of parts of a loan judged irrecovable, as mentioned in point 1.1.

The only measure (very effective) in place to alleviate the impact of over-indebtedness is the Moratorium on households’ mortgages.

The Moratorium has been agreed and signed in December 2009 between ABI (Italian Banking Association) and the main consumer associations. It’s a measure aimed at supporting families in difficulty because of the financial crisis. It provides the suspension of repayment of mortgages loan instalments for at least 12 months and provides the resulting lengthening of the repayment plan for a period equal to the period of suspension. The events leading to the start of the suspension are: dismissal, suspension of work or reduction of working hours, death or injury of at least one of the joint holders. The mortgage must be on the first home, should not be greater than 150,000 euros and the annual income of the borrower must not be greater than 40,000 euros.

So far the he Moratorium has provided important support to the beneficiary households. As stated by the interviewed Rita Romeo (Prometeia) “*between February 2010 and January 2012, this agreement enabled 60,000 households to suspend repayments amounting to 1 per cent of the loans granted in the same period; the moratorium provided important support to the beneficiary households, which received financial relief estimated at around 25 per cent of their disposable income. The measure also appears to have improved the creditworthiness of the participating households: some 62 per cent of those behind on payments prior to the suspension resumed regular payments at the end of the moratorium period“.* Over-indebted households were able to repay their debts and come back to virtuous path.

10 According to Usury Law 103/1996, funds for the prevention of usury are given from the government to consumer associations or foundations entered in a register kept by the Ministry of Economy. However, although a long and deep analysis I couldn’t find any source thatt gives the total amount of those funds.

Another important and common practice of the lenders that is in place since before the crisis of 2008 (and the use of which has increased since then) is to offer a new credit agreement in order to consolidate the outstanding debts and/or to modify the term/installment amount of the credit in order to reduce the pressure in the short term.

1.5.4 Changes in response to over-indebtedness

Both the above-mentioned measures (Law 3/2012 although not effective for households yet; Moratorium) have been introduced in response to the economic and financial crisis to face over-indebtedness.

1.5.5 Types of over-indebted consumers not reached by current measures

Moratorium applies only to households with financial debt, in particular secured debt. Households that are over-indebted because are not able to meet other commitments (utilities, rent, ...) are not reached by this measure. Those households are the most financially fragile and poor. Indeed, as well known, literature highlights a positive correlation between debt and net wealth; conversely, households with low level of wealth do not even have access to financial debt.

1.5.6 Best practices

Interviewed agree on the fact that Moratorium represents a good measure to alleviate over-indebtedness.

Interviewed also stress the importance of financial education. Financial education seeks to improve individuals' capacity to understand financial information, raise awareness about the risks and consequences of their borrowing decisions and help them choosing appropriate financial products for their needs. Moreover, financial education sets out to limit the negative impact that unexpencted events can have on household finances. Increased financial knowledge in fact helps individuals to manage more effectively their finances and put into place, for instance, savings or insurance solutions designed to safeguard their financial future.

1.6 OUTLOOK

In the next few years it is likely that the number of over-indebted households remain stable or fairly increase. There are two factors acting in opposite directions. On the one hand, over-indebtedness may increase because, as a consequence of the economic crisis, household financial conditions will remain weak; disposable income will not increase because of difficulties in the labour market and of the austerity measures adopted by the Italian Government in order to reduce sovereing debt. On the other hand, because of the crisis we expect a further decline in credit demand and selective credit supply policies; this credit crunch might help to reduce over-indebtedness.

Policy makers should work both on preventive measures, to raise awareness about the implications of debt and to help households to fix levels of debt that do not lead to financial difficulties, and on curative measures, that is on debt management schemes that provide individuals in difficulty with the possibility of restructuring their debts.

In particular, as far as preventive measures, interviewed agree on the need of higher level of financial education. Policy makers should support households with tools to make them conscious of their own effective financial capacity (e.g. information programs, auto-diagnostic tools to assess credit affordability).

Inteviewed also agree on the need to introduce debt councelling agencies to offer households advice about running their finances, increasing their ability to understand financial information, helpinf raise awareness about the effects consumptions and life-style behaviour has on their finances.

As far as curative measures, we definitively need the introduction of debt settlement procedures; hopefully, the Governement will implement Law 3/2012 in order to introduce procedures dedicated to consumers. These measures, on the one hand, would provide help to individuals who find themselves in a situation they can no longer sustain, also by cancelling part of the amounts owed and, on the other hand, would prevent individuals' making their situation even worse by resorting to illegal credit suppliers as a way of repaying debts contracted on formal credit markets. These measures would guarantee households the chance to make a fresh restart that otherwise would not be possible if future earnings were all used to extinguish past debts.

At the same time, the financial service industry should improve disclosure and transarency requirements regarding loans terms and conditions, should adopt appropriate scoring procedures for assessing the applicant's creditworthiness and the affordability of their total exposure, should adopt more effective systems to capture signals of households financial distress.

ANNEX A: STATISTICAL DATA FROM EU SOURCES

ANNEX B: SUMMARY OF STAKEHOLDER INTERVIEWS

ANNEX C: COMPLEMENTARY NATIONAL STATISTICAL DATA

Financial vulnerability of households
(per cent; euro)

Household income	Proportion of indebted households(*)	Average annual debt service	Proportion of vulnerable households(**)	Indebted households only: total annual debt service and household income(***)				
				Median debt service	Median ratio of debt service to income (****)	Mean debt service	Mean ratio of debt service to income (*****)	Proportion of vulnerable households
1st quintile........	11.1	338	4.2	2,400	23.2	3,043	45.0	37.9
2nd quintile	16.8	619	2.9	3,000	14.0	3,693	16.9	17.0
3rd quintile	22.0	1,093	2.7	4,000	14.6	4,970	16.6	12.1
4th quintile	28.7	1,641	1.5	5,000	13.0	5,726	14.0	5.3
5th quintile	28.8	2,183	0.6	6,000	9.3	7,584	11.8	2.2
Total	21.5	1,175	2.4	4,250	12.4	5,474	17.4	11.1

(*) Excludes households with only business debt, current account overdrafts and credit card debt. (**) "Vulnerable" households are those whose total annual debt service payment amounts to more than 30 per cent of their disposable income. (***) Household income gross of financial costs. (****) Median ratio of individual households' total annual debt service payment to income. (*****) Mean ratio of individual households' total annual debt service payment to income.

Bank of Italy (2012), SHIW – Survey on Household Income and Wealth