



SOCIO-DEMOGRAPHIC PROFILE OF THE DEBT HOLDERS OF OLDER POPULATIONS IN EAST AND WEST EUROPEAN REGIONS

Giga Kikoria

Business and Technology University

e-mail: giga.kikoria@btu.edu.ge

ORCID: 0000-0002-2202-7656

Corresponding author

Luule Sakkeus

Tallinn University

e-mail: ekdk@tlu.ee

ORCID: 0000-0003-3785-183X

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Abstract

Research background: Household indebtedness has grown across Europe since the 2007–2008 financial crisis. Among adults aged 50 and over, consumer debt intersects with pension income, health, and housing wealth differently than for younger borrowers, yet comparative socio-demographic evidence across European regions remains scarce.

Purpose: This study examines the socio-demographic profile of debt holders among older populations of East and West European regions, identifying factors that influence household debt decisions in these historically distinct contexts.

Research methodology: Using data from the 7th wave of the Survey of Health, Ageing and Retirement in Europe (SHARE), logistic regression models are estimated for both regions, covering age, gender, marital status, household size, education, economic activity, homeownership, net wealth, and risk aversion.

Results: Younger age, male gender, married status, higher education, and economic activity are positively associated with debt holding in both regions. Higher net wealth and home ownership are negatively related to debt, while risk aversion is unexpectedly positively associated with it. Western Europeans show lower odds of holding debt.

Novelty: The study offers an original contribution by systematically comparing socio-demographic determinants of older-age consumer debt between Eastern and Western Europe, filling a key gap in the household finance and ageing literature and revealing unexpected patterns in risk aversion and regional context.

Keywords: household debt, older population, socio-demographic profile, East and West European Regions, logistic regression

JEL classification: D14, D91, I31, P27

Introduction

Over the past two decades, there has been a notable rise in household debt compared to income across all countries belonging to the Organization for Economic Co-operation and Development (OECD, 2013), reaching its highest point during the economic crisis of 2007–2008. Subsequent efforts to reduce debt (deleverage) have been constrained, and in numerous nations, household debt has persistently grown. Although certain patterns are shared, substantial variations persist among countries (Comelli, 2021).

In the literature on household finances, household indebtedness has gotten a lot of attention recently (Altundere, Brown, 2012; Cordeiro, 2014; Lin, 2019). High levels of mortgage debt are not only good forecasters of financial downturns, but they are also a primary driving force behind the severity of the ensuing recession. As a result, for the overall economy, a study of household debt is required. Debt plays an important part in consumer economic well-being, but if it is not managed properly, it can lead to serious economic, social, and psychological problems (Xiao, Yao, 2020). The standard economic theory has generally emphasized the role of permanent income and risk, as well as liquidity limitations as driving forces in the decision to hold debt (Bricker et al., 2021).

In the papers which use SHARE (Survey of Health, Ageing and Retirement in Europe) database (Börsch-Supan, 2013) the authors propose that social connections are not only directly related to borrowing behavior, but are also indirectly associated with the context in which households live, with the contextual focus on borrowers' density rather than income inequality (Fernandez-Lopez, Daoud, 2021). Previous research has largely ignored financial difficulties caused by debt. For example, authors (Hiilamo, Grundy, 2018) discuss household debt and depressive symptoms among older adults in three continental European countries. Also, the relationship between family size and the total household net worth of men and women has brought out positive relationships and bigger households are more likely to be in debt (Winkle, Monden, 2022). In the countries within the East European Region, the housing sector appears to hold substantial potential, given the remarkably high rates of home ownership in contrast to many Western nations. Therefore, it tends to increase the household debt (Turk, Gurden, 2022).

1. Literature review

This section of the paper briefly summarizes the main determinants of debt holding brought out in most recent research.

1.1. Factors influencing household debt based on the literature

Household borrowing decisions are influenced by a combination of economic and demographic factors. According to life cycle theory, age plays a significant role in shaping the inclination to take out loans, with younger individuals exhibiting a higher likelihood of borrowing compared to their older counterparts. An analysis of household surveys reveals that the debt levels of older individuals were not markedly lower than those of the younger demographic. This observation suggests that the amount of debt may be indicative of decisions made to borrow at an early age (Haq, Ismail, Satar, 2018).

The research indicates that gender dynamics play a significant role in shaping the acquisition and management of household debt. Females exhibit a higher propensity for shouldering debt burdens, taking on responsibilities for debt management, and maintaining contact with lenders and debt advisors, as compared to their male counterparts (Callegari, Liedgren, Kullberg, 2019).

The subjective experience of debt burdens varies based on marital status. Respondents who are married but not cohabiting with their spouse are more likely to perceive their debt as a major burden. Separation is associated with a psychological burden that influences the subjective perception of household debt (Keese, 2012).

Education level, economic activity and household debt

Financial institutions occasionally incorporate an individual's educational attainment into their assessment of creditworthiness, potentially posing a hurdle to securing loans. Consequently, possessing a higher level of education serves as a personal attribute that not only facilitates access to mortgage debt but also distinguishes the debtor as a comparatively lower-risk investment compared to an individual lacking similar educational credentials (Alfaro, Gallardo, 2012). Acquiring a higher level of education and experiencing increased income significantly and positively influence the magnitude of debt. Additionally, households with more individuals engaged in employment enhance income prospects, establishing a positive correlation between the presence of multiple earners and heightened income, thereby impacting the level of debt positively (Haq, Ismail, Satar, 2018).

Health condition and household debt

Country-specific variations in the relationship between household debt and depression were examined through the utilization of country interaction models. Upon adjusting for the additional indicators of socio-economic status and physical well-being, it was found that

both low and significant levels of financial debt were linked to an increased manifestation of depressive symptoms within Western European nations. Notably, the presence of minimal or substantial financial debt emerged as a consistent predictor of depression among the older adult population included in the study conducted in European countries (Hiilamo, Grundy, 2018). While it is widely acknowledged that debt is linked to adverse mental and physical health effects, further investigation is needed to elucidate the underlying mechanisms. Exploring themes proposed in other literature, such as the comparative significance of chronic versus acute stress and the impact of habituation and sensitization to financial strain on welfare outcomes, could provide valuable insights into this complex relationship (French, Vigne, 2019).

In their study, Djamila Daoudi, Sara Fernández (2019) found that individuals characterized by a high degree of sociability, as assessed through the direct channel of informal communication, exhibit an increased propensity to incur consumer debts. Families with incomes falling beneath the median threshold of the country are at an elevated risk of incurring debt, according to the findings of this research (Daoudi, Fernández-López, 2019). The investigation into household debt in Belgium, France, and Germany revealed that, even after accounting for factors such as socio-economic status, physical health, and disability, the presence of financial debt in various forms correlated with an increased occurrence of depressive symptoms among both men and women. Additionally, noteworthy housing debt was linked to depressive symptoms specifically among women (Hiilamo, Grundy, 2018).

In a research article investigating household debt prevalence in middle and old age across 15 countries, including Estonia, it was determined that, under similar conditions, an increase in mortgage debt corresponds to a rise in overall financial debt for households. The study found a positive correlation between the occurrence of illness within a household and mortgage debt among homeowners, even though severe illness is likely linked to reduced levels of homeownership. Additionally, a positive connection was identified between illness and the accumulation of financial debt (Lewin-Epstein, Semyonov, 2016).

The investigation centered on Austria, Germany, Sweden, the Netherlands, Spain, Italy, France, Denmark, and Belgium reaches the conclusion that amid financial strains on social protection systems, the utilization of reverse mortgages could aid in redistributing a portion of the responsibility for long-term care financing onto the older generations, all the while averting an escalation in contributions from future generations (Bonnet, Juin, Laferrère, 2019).

Economic wealth and homeownership in relation to debt

The report, centering on Germany, drew the conclusion that numerous countries exhibit significantly elevated homeownership rates coupled with less extensive public pension systems. Consequently, the prospect of utilizing reverse mortgages as a strategy to augment monthly income, particularly for households possessing substantial housing wealth but limited liquid assets, or as a financial management tool in retirement, should be of mutual interest to older households, service providers, and policymakers in these nations (Bartsch, Buhlmann, Kirschenmann, Schmidt, 2021).

Additionally, a higher level of education and income both contributes to an increased likelihood of being a homeowner (Teresa, Garcia, Figueira, 2020). Additional analyses indicate that the primary developmental trend observed in Estonian and Czech housing estates has been one of stability. This implies that, over a span of twenty years, the housing estate neighborhoods maintained the same cluster type, and the demographic composition evolved in alignment with the changes occurring across all urban neighborhoods (Kalm, Špačková, Sýkora, Špaček, 2023).

The researchers draw the conclusion that disruptions and alterations in family and housing trajectories significantly increase the likelihood of transitioning out of home ownership during middle and older ages, particularly among Danish, Swedish, and Dutch homeowners in the sample. Their findings indicate the presence of both an immediate and a sustained impact resulting from disruptions in the partnership career (Herbers, Mulder, 2014).

A surge in household debt reaching historical peaks was also evident in emerging market economies within the Baltic region, encompassing countries such as Estonia, Latvia, Lithuania, and from further afield Hungary. The level of household indebtedness in foreign currency among Hungarian households ranked among the highest in Eastern Europe (Igan, Leigh, Simon, 2013).

While existing research has extensively explored the socio-demographic factors influencing debt patterns in various countries, there remains a noticeable gap in understanding the specific determinants of debt ownership among the older population in East and West European countries. Previous studies have primarily examined debt in the context of Western European countries and the United States, leaving a dearth of comprehensive research in the East and West European region. Crucially, existing studies fail to explicitly compare the socio-demographic determinants of debt holding between Eastern and Western European older populations – a gap that is particularly significant given the region's divergent post-socialist institutional legacies, distinct pension systems, and heterogeneous credit market

development. This paper addresses that gap by providing the first systematic comparative analysis of older debt holders across both regions using SHARE Wave 7 data. The study thus advances knowledge beyond purely descriptive comparisons by modelling the differential role of demographic, structural, health, economic, and psychological determinants of consumer debt in these two contexts. The primary objectives of this study are: (1) to identify the key socio-demographic determinants of consumer debt holding among older adults in Europe; and (2) to examine whether and how these determinants differ between Eastern and Western European countries.

1.2. Determinants of debt derived from the SHARE database

Household debt is a multifaceted financial phenomenon influenced by various determinants, as elucidated through research utilizing the comprehensive Survey of Health, Ageing and Retirement in Europe (SHARE) database. This list compiles key factors investigated by scholars to comprehend the intricate dynamics of debt accumulation within households.

Demographic factors: Age, gender, and marital status and household size play pivotal roles in shaping debt patterns. The life stages associated with these demographic variables introduce unique challenges and opportunities for managing debt (Comelli, 2021).

Education: Educational attainment emerges as a critical factor in shaping financial behaviors within households. Higher levels of education often correlate with more informed financial decision-making (Haq, Ismail, Satar, 2018).

Economic activity: Local and national economic conditions, coupled with employment status, contribute to the broader economic context shaping debt-related decisions. Economic stability or fluctuations impact household debt trajectories (Herbers, Mulder, 2014).

Health status: Physical health, mental well-being, and disability status are integral components shaping household debt dynamics. Health-related challenges may impact financial stability and influence debt-holding decisions (Hiilamo, Grundy, 2018).

Net wealth: Household net wealth, a cornerstone determinant, exhibits a direct influence on the debt landscape. Variances in wealth levels contribute significantly to the heterogeneous nature of debt outcomes (Teresa, Garcia, Figueira, 2020).

Housing situation: Homeownership and mortgage status, significantly influences the nature and extent of debt obligations. Housing-related debt is a pivotal aspect of household financial dynamics. The increasing prevalence of homeownership in numerous countries stands out as a significant driver behind the upsurge in household debt (Lewin-Epstein, Semyonov, 2016).

Psychological factors: Individual psychological traits, such as risk aversion and specific financial attitudes and behaviors, offer insights into the cognitive aspects influencing debt holding. Behavioral economics principles illuminate the psychological dimensions of debt (Daoudi, Fernández-López, 2019).

Region: The influence on household debt in East and West European regions has been the subject of scholarly exploration, with various studies shedding light on distinct determinants shaping financial behaviors within these geographical contexts (Chmelar, 2013).

To sum up, the determinants outlined above, drawn from the SHARE database, underscore the multidimensional nature of household debt. Researchers leveraging SHARE data contribute to our understanding of the nuanced interplay of these determinants. Taken together, previous literature converges on the finding that demographic vulnerability, structural advantage (education, employment), lower wealth, and health challenges each independently shape debt propensity – yet how these pathways operate among the older population specifically in an East-West European comparative context remains largely untested. The hypotheses formulated below are grounded in these theoretical expectations and directly address this gap.

1.3. Research hypotheses resulting from the literature review

We introduced hypotheses in order to show how factors affect debt holding. After reviewing the literature, we formulated the hypotheses surrounding the study as follows:

- Ha1 Older adults in the East European region are expected to exhibit a higher probability of holding consumer debt compared to their West European counterparts, after controlling for demographic characteristics (age group, gender, marital status, and household size).
- Ha2 In both regions, individuals with higher educational attainment and economically active status are expected to have a significantly higher probability of holding consumer debt, with this effect being at least as strong in Eastern Europe.
- Ha3 Individuals with activity limitations due to health problems are expected to have a lower probability of holding consumer debt, as chronic illness may reduce access to credit or the need for borrowing.
- Ha4 Higher net wealth is expected to decrease the probability of holding consumer debt, while homeownership may have a counteracting positive effect; overall, no significant regional difference in the net wealth-debt relationship is expected between Eastern and Western European older adults.

Ha5 Risk-averse individuals are expected to have a lower probability of holding consumer debt; this effect is hypothesized to be more pronounced in the East European region, where cultural and institutional factors may amplify risk-averse financial behavior. To test each hypothesis, we decided to construct a logistic regression model.

2. Research methodology

2.1. Sample and data

This scientific paper leverages data obtained from the 7th wave of the Survey of Health, Ageing and Retirement in Europe (SHARE) (Börsch-Supan, 2013), an extensive cross-national panel database. The survey focuses on individuals aged 50 or older across diverse European nations and Israel, providing a rich source of socio-demographic information. The multidisciplinary design of SHARE facilitates an exploration of the intricate interplay between personal and social characteristics and their influence on financial decision-making. This research seeks to contribute to the existing body of knowledge by shedding light on the nuanced dynamics involved in financial decision-making among a mature population, drawing upon the comprehensive and diverse dataset provided by SHARE.

The seventh wave of the SHARE represents the most comprehensive dataset to date. Conducted in 2016, this wave underwent necessary adjustments to address, including difficulties with managing money, risk aversion, economic activity, and home ownership. The presence of missing values in these variables could potentially introduce significant biases and result in substantial information loss.

To mitigate these challenges, we applied information for persons who have answered the question. Specifically, missing data on “risk aversion” were imputed by drawing from information gathered in the fourth to seventh wave. The variable “net wealth,” sourced from the imputation module of the survey, was employed to supplement missing data in the household income variable.

The resultant dataset, after these imputation procedures, comprised 77,261 individuals residing in 19 countries. These adjustments and imputations were undertaken with precision to enhance the completeness and reliability of the data, thereby ensuring robustness in subsequent analyses and interpretations.

2.2. Defining and operationalizing variables

The primary dependent variable employed in our analysis is households' consumer debt, which has been projected to each individual in the household. *Consumer debt* is operationalized as a binary indicator, specifically, a dummy variable. The dichotomous nature of this variable assigns a value of 1 to individuals that possess any of the following types of debt: debt related to cars and other vehicles, credit cards or store cards, loans obtained from banks, building societies, or other financial institutions, debts owed to relatives or friends, and/or student loans. Conversely, individuals that do not hold any of the aforementioned debts are assigned a value of 0. In order to construct the variable, the information from different waves (1, 2, 4, 5, 6 and 7 waves) was assigned to individuals when they first answered the question.

We constructed the variable "risk aversion" from waves 4, 5, 6 and 7. It is a categorical variable, as we can see from the Table 1. We calculated also the "dwelling ownership" variable, which we transferred to all of the respondents to have an individual level. We collected information from wave 1, 2, 4, 5 and 6. In the variable 1 was for owner and 0 – for tenant.

Table 1. Definition of independent variables

Factor	Variable	Definition
Demographic	Age group	Age categories (50–64 (1), 65–79 (2), 80+(3))
	Gender	Dummy variable equal to 0 if the individual is male; 1 if female
	Marital status	Categorical variable: married (1), separated (2), never married (3)
	Household size	Number of household members
Structural	Education level	Categorical variable according to ISCED 1997: highest (1) middle (2), lowest (3), N/A (4)
	Economic activity	Categorical variable: active (1), retired (2), non-active (3)
Health	Limitation activities	dummy variable equal to 0 if not limited and 1 if limited
Economic	Net wealth	Categorical variable: highest (1), medium (2), lowest (3)
	Dwelling ownership	Dummy variable equal to 0 if tenant, 1 if owner
Psychological	Risk aversion	Categorical variable: Yes (1), No (2), Missing (9)
Regions	Region	Dummy variable equal to 0 if East Europe, 1 if West Europe

Source: own compilation based on SHARE Wave 7 (Börsch-Supan et al., 2013).

The independent variables are crucial for examining the intricate dynamics of socioeconomic factors. Specifically, our focus lies on two pivotal dimensions: the socio-demographic profiles of individuals and the economic variables of individuals. We divided the variable "age" into 3 parts. 50–64, 65–79 and above 80. Here we excluded those below 50 years of age. Variable "education level" also was divided into three parts: Lower, Middle and Higher.

“Refusals” and “don’t knows”, those in school and other was recoded in N/A. “Household size” we used as a number of people in the household (continuous variable).

We also divided countries in Western Europe (Austria, Germany, Sweden, the Netherlands, Spain, Italy, France, Denmark, Greece, Switzerland, Belgium, Luxembourg, and Portugal) and Eastern Europe (Czech Republic, Poland, Hungary, Slovenia, Estonia, and Croatia) This East–West classification is grounded in the institutional and historical differences between the two groups of countries: Eastern European nations share a common legacy of state-socialist economic organization, post-1990 transition to market economies, distinct welfare state trajectories, and different credit market maturation paths compared to their Western European counterparts (Chmelar, 2013). These structural differences justify treating the two groups as analytically distinct for the purposes of this study. Table 1 presents the characteristics of the independent variables.

2.3. Model specification

This paper analyzes the relationship between the binary dependent variable “consumer debt” (coded as 1 for yes and 0 for no) and a set of independent variables including demographic and social factors. Therefore, we used the logistic regression model which estimates the log-odds of having consumer debt as a linear combination of the independent variables. As a binary logit model commonly deals with the issue of how likely an observation is to belong to each group (Malhotra, Nunan, Birks, 2017), see also Hosmer, Lemeshow (2000), Agresti (2002), Long, Freese (2006).

The general formula for a logistic regression model is as follows:

$$\begin{aligned} \text{logit}(P(Y = 1)) = & \beta_0 + \beta_1 \cdot \text{Age group}_i + \beta_2 \cdot \text{Gender}_i + \beta_3 \cdot \text{Marital status}_i + \\ & + \beta_4 \cdot \text{Household size}_i + \beta_5 \cdot \text{Education}_i + \beta_6 \cdot \text{Economic activity}_i + \\ & + \beta_7 \cdot \text{Limitation activities}_i + \beta_8 \cdot \text{Net wealth}_i + \beta_9 \cdot \text{Dwelling ownership}_i + \\ & + \beta_{10} \cdot \text{Risk aversion}_i + \beta_{11} \cdot \text{Region}_i \end{aligned}$$

where:

$\text{logit}(\cdot)$ – the log-odds function defined as $\log [p/(1 - p)]$,

$P(Y = 1)$ – the probability of having consumer debt,

i – index of the individual.

3. Results

3.1. Summary statistics

Descriptive statistics for debt holders by regions are presented in Figure 1. The finalized sample consists of 43,943 individuals. The majority of participants are female (57.1%), with a substantial proportion having formal commitments (42.9%) and being currently unemployed (75.2%). Additionally, the average household size approximates two individuals.

3.2. Model analysis

Various empirical models were calculated to examine the hypotheses put forth. Our model begins with the region variable. The Western advantage becomes non-significant in Models 2–5 and re-emerges only in Model 6.

Then in the Model 2 we add demographic variables (age group, gender, marital status, household size). All the independent variables are statistically significant in this model except the region variable. As we can see from the Table 2, younger individuals (50–64 age) have more odds (14.2) in having consumer debt than older ones (65–79 and 80+) which is in line with the scientific literature. Besides males have more odds (1.168) than females and married ones (1.23) than never married. This is also in line with literature.

In the Model 3 we add structural variables (education and economic activity). In this case having debt in Western European countries has less odds (0.989). Higher the education level, higher is the probability of having debt (1.162) which is in line with the scientific literature. Also, economically active individuals have more odds (1.24) having debt compared to non-active ones.

In the Model 4 we add the health variable (limited activity) which show us that people who have no limitations in activities have less odds (0.76) having debt compare to limited ones. This can be explained by the fact that debts cause different health problems and are in line with the scientific literature.

In the Model 5 we add economic variables (net wealth and dwelling ownership) which show us that the higher the wealth less are the odds (0.531) of consumer debt

In the last model we added a psychological variable (risk aversion). Risk averted individuals have more odds (1.55) of having debt. In this model the region variable is also significant showing that in Western European regions individuals have less probability (0.928) of having debt.

The estimated marginal effects are presented in Table 2.

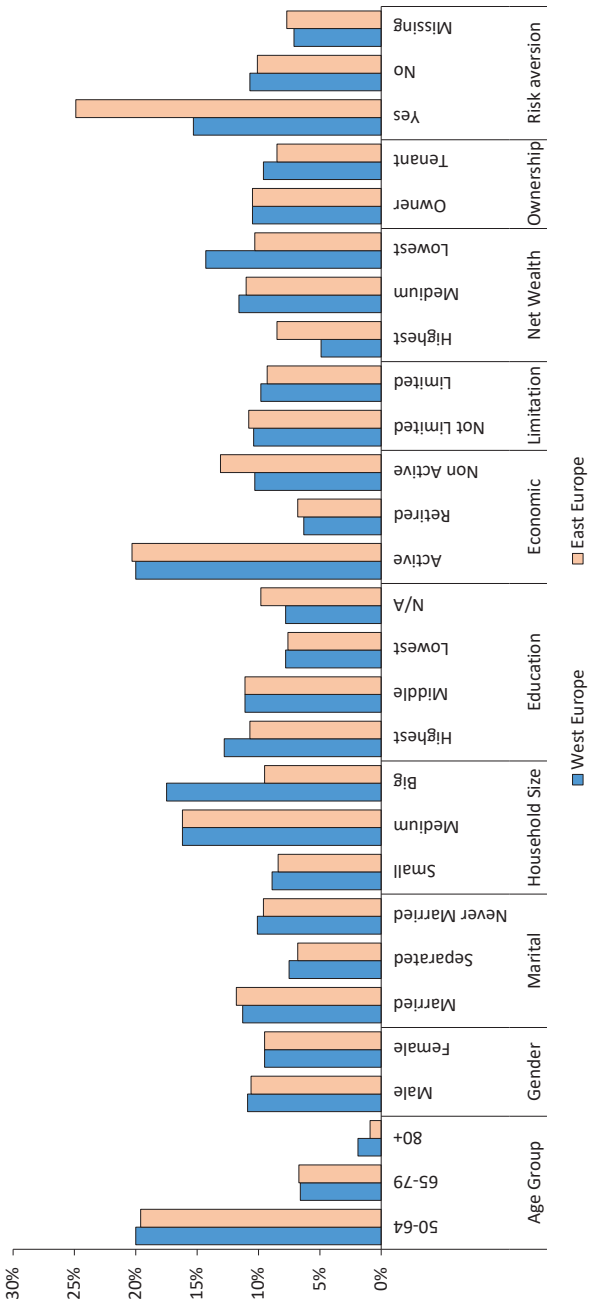


Figure 1. Distribution of consumer debt by regions and socio-demographic variables

Source: own compilation from SHARE.

Table 2. Logistic regression estimates

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Region [East r.c.]	1.031**	1.024	0.989	1.017	0.978	0.928***
Age Group [80+ r.c.]						
50–64		14.232***	11.004***	11.515***	10.673***	10.285***
65–79		4.204***	3.9***	4.136***	4.103***	4.069***
Gender [Female r.c.]		1.168***	1.15***	1.153***	1.144***	1.117***
Marital [Never Married r.c.]						
Married		1.238***	1.25***	1.271***	1.324***	1.340***
Separated		1.202***	1.22***	1.219***	1.209***	1.218***
Household size		1.122***	1.119***	1.122***	1.113***	1.109***
Education [Lowest r.c.]						
Highest			1.162***	1.317***	1.276***	1.176***
Middle			1.065***	1.199***	1.167***	1.119***
N/A			0.903***	1.120***	1.084***	1.057***
Economic [Non active r.c.]						
Active			1.243***	1.331***	1.329***	1.316***
Retired			0.884***	0.908***	0.913***	0.912***
Health [Limited r.c.]				0.760***	0.766***	0.770***
Net Wealth [Lowest r.c.]						
Highest					0.531***	0.552***
Medium					0.827***	0.839***
Ownership [Tenant r.c.]					0.920***	0.898***
Risk aversion [No r.c.]						
Yes						1.552***
Missing						1.196***
Constant	0.109	0.010	0.010	0.010	0.015	0.014

*** – coefficient is significantly different from zero at the 1%, ** – 5%, * – 10%.

Source: own compilation from SHARE.

Ha1 is rejected because no regional difference remains once demographics are controlled. Specifically, as we can see from Table 2, younger individuals (50–64) have 14.2 times more odds to be debt holders than older ones (80+). Males are 1.16 times more likely to be debt holders than females. Married individuals are 1.23 times more likely to be debt holders than unmarried ones. Household size is positively related to debt holding (1.12 odds). Therefore, bigger households tend to be debt holders more than smaller ones.

Our results from Model 3 confirms Ha2. To be more detailed, individuals with the highest education level are 1.16 times more likely to be debt holders than individuals with the lowest education level. Besides, economically active individuals are 1.24 times more likely to be debt holders than non-active ones.

Model 4 results show us that individuals without health limitations have less odds in having debt (0.760). Therefore, Ha3 is rejected. This finding is counter-intuitive and warrants careful interpretation. It is possible that individuals with health limitations face restricted access to credit due to lower income or perceived creditworthiness, or they may have already depleted debt capacity prior to the onset of health problems. Alternatively, reverse causality cannot be excluded in this cross-sectional design: debt-induced financial stress may itself contribute to health deterioration. It should be noted that all associations reported here are correlational in nature; given the observational design of the study, thus no causal claims should be inferred from the logistic regression estimates.

In the Model 5 we can see that the highest net wealth is negatively associated with debt holding. Therefore, individuals who have the highest wealth are less likely to hold debts than individuals with the lowest wealth. Empirical evidence reveals that low income individuals are more likely to borrow. Therefore, Ha4 (net wealth component) can be rejected. Also, dwelling owners are less likely to hold debts (0.92 odds) compared to tenants. Ha4 (homeownership component) can be also rejected.

Ha5 is confirmed by our last model. In other words, risk-averse individuals have 1.55 times more probability of having debt. This finding runs counter to the conventional assumption that risk-takers are more prone to borrowing. A plausible interpretation is that risk-averse individuals may use debt strategically as a precautionary financial buffer, seeking to maintain liquidity while protecting existing savings against unforeseen shocks. However, this result may also reflect a measurement of artefacts in the operationalization of risk aversion in SHARE and merits further investigation in future research.

Conclusions

This study set out to explore the factors influencing consumer debt across European regions, utilizing a series of empirical models. Our findings reveal distinct patterns in debt holding, contingent upon a variety of demographic, structural, health, economic, and psychological variables.

The initial analysis indicated that individuals in Western European countries were more likely to have consumer debt compared to those in Eastern European countries. However, this regional effect became non-significant when demographic variables were introduced, suggesting that age, gender, marital status, and household size play more significant roles. Specifically, younger individuals, males, and married persons exhibited higher odds of holding debt, consistent with existing literature.

Incorporating structural variables such as education and economic activity further refined our understanding. Higher education levels and being economically active were positively associated with debt holding. This underscores the complexity of debt dynamics, where educational attainment and economic engagement increase the propensity for debt.

Health status, particularly limited activity, emerged as a crucial factor. Individuals without limited activity were less likely to have debt, highlighting the interplay between health and financial behaviors. This finding aligns with the literature suggesting that debt can exacerbate health problems.

Economic variables, including net wealth and dwelling ownership, revealed a negative relationship with debt. Wealthier individuals and homeowners were less likely to hold debt, suggesting that financial stability reduces the need for borrowing. This aligns with the hypothesis that economic security diminishes reliance on consumer debt.

Lastly, the psychological dimension of risk aversion showed that risk-averse individuals were more likely to have debt, contrasting with the general assumption that risk-takers are more prone to borrowing. This intriguing result points to the complexity of financial decision-making, where risk aversion may drive individuals to secure debt as a precautionary measure.

In summary, our comprehensive model analysis confirms that demographic, structural, health, economic, and psychological factors intricately influence consumer debt holding. These findings provide valuable insights for policymakers and financial institutions aiming to address debt-related issues and support financial stability across different European regions. From a theoretical perspective, this study contributes to the life cycle and behavioral finance literatures by demonstrating that the socio-demographic determinants of consumer debt among older adults operate similarly across Western and Eastern Europe, while also revealing that regional context modulates the overall debt propensity. The counterintuitive positive association between risk aversion and debt, and the negative association between limited activity and debt, highlight the need for more nuanced theoretical frameworks that integrate health dynamics and precautionary motives into models of older-age debt holding. In terms of policy relevance, the findings suggest that financially active, educated, yet less wealthy older individuals represent

a particularly vulnerable group warranting targeted attention. Policymakers and consumer protection agencies should consider developing tailored financial literacy initiatives for this group, improving transparency in credit assessment practices for older borrowers, and designing financial products that better match the income volatility and health risks faced by this population. For macro-prudential authorities, the concentration of consumer debt among older economically active adults signals the importance of monitoring this demographic in financial stability frameworks, particularly in the context of rapid population ageing in societies across Europe. Future research should extend this analysis to later SHARE waves to examine how these associations have evolved over time, and should employ longitudinal designs to better disentangle the direction of the observed associations between health, wealth, and debt.

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