Scottish Government Health Directorates Chief Scientist Office

CHIEF SCIENTIST OFFICE

FOCUS ON RESEARCH

Fair Credit, health and wellbeing: Eliciting the perspectives of low-income individuals (FinWell) - CZH/4/1095

Researchers

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Aim

Despite an established link between income and health, limited evidence exists on the health impacts of income-based initiatives such as fair microcredit. Microcredit is a small, collateral-free loan, supplied at fair interest rates to the low-income and financially-excluded population. In this study we establish, from the perspective of target communities in and around Glasgow, if an association exists between the use of microcredit and health and wellbeing, and the mechanisms through which any perceived association operates.

Project Outline/Methodology

Financial diaries were used to capture the day-to-day financial management practices of users of fair personal and business microcredit, financial advice and a non-user 'comparator' group (n=42) over 6-month periods. The association between microcredit and health was explored in depth through 22 qualitative interviews with diarists. Two Q-sorts (card-sorting exercises) with 53 respondents (diarists, individuals from low-income communities and professional stakeholders from the domains of health and social care, financial services, community development, charity, policy, and academia) were conducted to explore subjective views on the role of fair microcredit and advice in enhancing health, relative to other types of public health initiative.

Key Results

Income and expenditure volatility were shown by financial diaries to drive the financial decisions of diarists. Complex financial strategies were used to cope with day-to-day financial uncertainty. Microcredit helped borrowers to manage cash flows in transitional periods of increased uncertainty, such as family break-ups or changes in employment status. Most diarists perceived a connection between their finances and their health and in-depth interviews revealed that microcredit is perceived to improve self-worth and offer financial and emotional relief. Q-methodology identified shared perspectives showing consensus on the role that unpredictable finances and money play as causes of worse health in low-income communities. A key part of any 'solution' was believed to be the improvement of individuals' material circumstances by, for example, making sure people have enough money for their basic needs and not cutting welfare benefits.

Conclusions

This study provides new empirical evidence on the complex association between financial management and subjective health and wellbeing and the role that microcredit plays in affecting its mediators.

What does this study add to the field?

The innovative combination and use of different methodologies – financial diaries, interviews and Q methodology – provides a new way to explore the health impacts of 'non-obvious' health initiatives. In the microcredit field such results can enhance the design of, and interpretation of results from impact evaluation studies. More generally, this approach could provide a way to develop evaluations of more complex upstream public health interventions as the richness of the data generated illustrates where perceived associations exist.

Implications for Practice or Policy

Results suggest that more emphasis could be placed on the integration between financial services and health policies and practice. Furthermore, this study highlights the need to break down the silos that exist in policymaking around how we impact on health as the mediators from microcredit to health are social.

Where to next?

A UK diaries project is planned to study if the pathways identified in Glasgow are consistent across different UK locations. Additionally, we aim to enlarge the sample size of the initial survey administered to diarists to quantitatively estimate how financial and non-financial assets, such as social capital, are linked to health and wellbeing measures.

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