

Towards a typology of debt attitudes among contemporary young UK undergraduates

Abstract: As the UK sits on the verge of a major change in the financing of both universities and students, this study seeks to capture and analyse the attitudes to money, borrowing and debt among contemporary young undergraduates. It reports findings from a qualitative study of 62 individuals in the second term of their first year at university, these being representatively sampled from volunteers across gender, social class, ethnicity and subject discipline. The semi-structured interview data was subjected to thematic analysis and this was used to derive a tentative typology of debt attitudes ranging from 'debt-positive' to 'debt-angry'.

The findings of this study suggest that student attitudes are more complex than assumed in some previous research and journalistic commentary, especially with respect to social class.

Counterintuitively, many students from lower social class backgrounds show a positivity about debt as a means of enabling them to access higher level careers; this is consistent with admissions data following the 2006 increase in tuition fees and student indebtedness. More generally, the mainstream of student attitudes appears to fall between the 'debt-savvy' and 'debt-resigned' types, with students being relatively well-informed about repayment terms and accepting large-scale indebtedness as 'normal' with most students being 'in the same boat'. The implications of these findings, the limitations of the study and future opportunities for research are discussed.

Introduction

While some students have accrued debts since the advent of higher education in the UK, the 1990s saw it become a ubiquitous feature. Two trends coincided here: the introduction of government student loans, initially as a supplement to the long-standing system of grants existing since the 1960s, and a liberalisation in banks' lending policies that saw commercial credit becoming available on an increasingly large scale, initially through 'free' overdrafts and latterly through credit cards and unsecured loans. By the late 2000s, over four-fifths of students took loans of up to around £4,000 per year to cover their maintenance and with the majority also taking a loan of around £3,000 to cover their tuition fees (Johnson et al. 2009). The average expected debt on graduation was estimated at over £20,000 (PUSH 2009).

In the 2012/13 academic year, the English higher education system is bracing itself for a revolution in financing. State funding has been removed from most courses, with universities able to charge up to £9,000 in tuition fees, to be met through a loan, thus ensuring that the course is free at the point-of-entry. There will be extended bursaries and fee waivers for students from lower income backgrounds and those meeting other criteria set by individual institutions, but most will continue to rely on a loan for their maintenance. Graduation debt levels are therefore set to spiral, with figures of over £50,000 being predicted by some (PUSH 2011).

Previous work on student finance has tended to view student attitudes as homogeneous or uni-dimensional. Few studies have attempted to understand the contrasts within an increasingly diverse student body and there is the ever-present danger that researchers and commentators impose their own beliefs on the subjects about which they are writing.

This paper reports a qualitative study based on semi-structured one-to-one interviews with 62 first year undergraduates from a single English university which is broadly demographically representative of the sector as a whole. It analyses the participants' own attitudes to debt alongside contextual information about family backgrounds and personal characteristics, drawing out recurring themes that connect towards a possible typology. No special status is claimed for this, beyond the likelihood that it reflects the whole range of contemporary student responses to systemic indebtedness. The types defined in this study are likely to overlap and students may well drift between them in the course of their studies or as circumstances change. Other universities are likely to find different proportions of students of each type, reflecting different intakes and social profiles. Nevertheless, we believe this study offers a useful addition to the literature, updating previous work and recording prevailing attitudes immediately prior to a key change.

Literature review

There has been considerable academic, official and journalistic interest in student indebtedness in the last two decades, with three major themes emerging: (a) who is more or less likely to accrue debt, (b) the role of debt in the demand for higher education, and (c) the impact of debt on the student experience, especially mental health and early withdrawal.

Historically, women and people from lower socio-economic groups were found to have lower levels of debt on average (Hesketh 1999; Morgan, Roberts and Powdrill 2001; Lea, Webley and Bellamy 2001; Universities UK 2003; Kettle, Whitehead and Raffan 2008). These groups were hypothesised to have an inherent aversion leading them to self-regulate borrowing. However, this changed with the creation of tuition fee loans in 2006, with students from lower socio-economic

groups being more likely to take out this additional debt than their more affluent peers (Johnson et al. 2009). Instead, Johnson et al. (2009) found that students living in the family home were the new low-debt group, achieved by avoiding accommodation costs, while Harding (2011) found that students from low-income backgrounds were more likely to take on debts beyond their student loans. **Removed for review** found that students with extravert personality traits were likely to accumulate more debt, probably to support a more costly social lifestyle (Metcalf 2005). Lea, Webley and Bellamy (2001) and Scott and Lewis (2001) suggested that prior exposure to borrowing was a factor in future decisions, with debt familiarity breaking down resistance and making its use progressively commonplace.

It has long been assumed that fear of debt is a major factor in dissuading some from seeking a university place. Strong concerns (e.g. Callender and Jackson 2005; Pennell and West 2005; Jones and Thomas 2005) were voiced before the introduction of tuition fee loans about the deterrent factor that they posed, especially for lower socio-economic groups. Similarly, financial support (and fear of debt) was a key 'barrier' to higher education identified by Gorard et al. (2006). However, official figures on university admissions (Higher Education Funding Council for England [HEFCE] 2010) showed that it was predominantly those from more affluent backgrounds that were dissuaded when the new tuition fee system was implemented in 2006. Since then, the major Futuretrack study of young applicants (Purcell et al. 2009) found that finance was only a relatively minor factor in educational decision-making, although this was among young people who had already decided to apply. Nevertheless, this ground remains contested, with many commentators (e.g. Dorling 2011; Davis 2011; Callender 2012) expecting fear of debt from the post-2012 tuition fees to reduce demand from low income households, while others are more circumspect (Thomson and Bekhradnia, 2011; Wilby, 2012).

A number of writers (Stradling 2001; Cooke et al. 2004; Carney, McNeish and McColl 2005; Jessop, Herberts and Solomon 2005; Johnson et al. 2009) have highlighted the mental health consequences of student indebtedness. They found that financial concerns are associated with anxiety and depression, possibly exacerbated by a perceived need to work while studying, especially among working class students (Moreau and Leathwood 2006). Consequently, financial difficulties are often postulated to be a major factor in decisions to withdraw from university (e.g. Quinn et al. 2005; National Audit Office 2007), although others have questioned this (removed for review; Harding 2011).

Method and sample

This paper's data are drawn from a wider study of social class and higher education, which aims to better understand the 'lived lives' of students from across the socio-economic spectrum.

The participants were full-time UK undergraduates aged under 21 studying at a large teaching-intensive university. The demographic mix within this university broadly echoes the higher education sector as a whole in terms of gender, ethnicity and social class. Participants were recruited after six months at university through an e-mail sent to all those fitting the targeted profile. Students were offered £20 for participating in a semi-structured interview typically lasting 45 minutes. A total of 62 students were interviewed using a blended stratified and quota sampling frame, ensuring that all socio-economic groups (using the National Statistics Socio-Economic Classification) and subject areas were adequately represented, although subject area proved not to be a useful basis for comparison within the sample. Thirty-six participants were women and

eight were from black or minority ethnic communities, consistent with the wider university population.

The interviews featured extensive probing around the occupations and work histories of the participants' parents' and their extended families. We acknowledge any system of assigning social class labels is problematic, due partly to the difficulties of categorisation (removed for review). As a result, we rejected using rigid occupation-led categories, employing the rich contextual interview data to provide a softer classification drawing on the reported economic, social and cultural capital of the family as represented by, for example, consumption patterns, media choices and social activities. This led to an allocation into 'middle class' (27 participants) and 'working class' (21 participants) groups, as well as a 'mixed class' group (14 participants) displaying features traditionally associated with both.

Students' home postcodes were used to obtain data on the Index of Multiple Deprivation (Department for Communities and Local Government 2008) and the Rural and Urban Area Classification (Office for National Statistics 2004), providing information about the neighbourhoods where they grew up¹. The former is a compound statistic derived from various official indicators (e.g. income levels, educational outcomes). Following convention (HEFCE 2007), the bottom 40 percent of neighbourhoods are defined as 'deprived' in the context of this study (including 21 participants). The latter is a measure of population density; collapsed here into 'urban' and 'rural' categories. Fifteen participants were drawn from rural areas.

¹ These measures apply to England only. For the four participants from outside England, the nearest equivalent measures were used although they are not directly comparable.

31 participants were receiving both a student loan and a means-tested grant. Twelve of these also mentioned receiving a university bursary; it is likely that others did too, as participants were often unclear about the specific sources of finance arriving in their bank account. Twenty-nine participants were eligible for only a student loan, marking them as coming from higher income families; two of these did not take it. The remaining two participants were on healthcare courses that offer a different financial support package.

Thematic analysis

The thematic analysis was undertaken through a four-stage process based on Attride-Stirling (2001). Firstly, the relevant sections of the interviews were isolated, with salient concepts and phrases noted in each. Secondly, these were used to construct an initial coding scheme for the recurring themes, with the interviews being reread and allocated accordingly; each interview could be allocated to multiple themes. Thirdly, the codings were reviewed to ensure that they were the best match for the data and sufficiently large to be meaningful. Large codings were considered for splitting, while tiny ones were either reworked into larger ones, dismissed or retained for particular insight. Finally, a third reading of the texts was undertaken to confirm final codings, create higher-level 'organising' themes and identify illustrative quotes.

A total of 33 themes were identified – listed in Appendix A. The largest had 23 individuals allocated against it and the smallest just two. We shall discuss those relating to debt attitudes as the mainstay of the suggested typology shortly, but the other four organising themes bear exploration now.

Day-to-day expenses

Around one-third of participants saw effective management of living expenses as key to controlling and minimising debt, describing a range of strategies to reduce costs. Specifically, they saw their social life as a major expenditure and discussed finding ways to spend time with friends that were low-cost and high-value, including watching films at home, cooking or getting takeaway meals. This was juxtaposed with 'going out', which was generally viewed as an expensive luxury to be saved for special events like birthdays. Many talked about friends or acquaintances that they felt spent too much time or money on alcohol and socialising:

“Some of [my friends] are very wealthy, because their parents have a hell of a lot of money and they just play – eating and drinking all day and spending money without taking any second thoughts”.

This mindful frugality contrasts with some of the prevailing media stereotypes of young students, which depict them as hedonistic and unconcerned (removed for review). It is important to stress that it appeared that the individuals in this group had active and rewarding social lives and did not see a constrained finances as a significant impediment, although some did talk wistfully about the high-adrenaline lifestyles that they perceived that they 'should' be having:

“A lot of my flatmates get to go out quite a lot, because they have got a lot of money to do it. That gets you down quite a bit because you are thinking I have got no choice but to stop in.”

A related, but distinct, theme concerned contrasting financial attitudes. Five participants talked specifically about having greater worries about meeting living costs (which were viewed as immediate, pressing and unavoidable) than student debt (which was seen as distant and delayable); this mindset was likely to be more prevalent as it was not prompted through the interview questions. 'Cash in pocket' was seen as the most important concern and significant effort was expended to maximise this and to minimise drains upon it:

"Student: When I first came to university I was just being so ludicrously frugal ... eating cucumber three times a week because I thought I would run out of money or something.

Interviewer: But you are more sorted now?

Student: Yeah – I have got a bit more of a grasp on it."

Seven participants remarked upon maladministration at the Student Loans Company (the private sector organisation operating the system on the government's behalf) and tardiness in rectifying errors or, more generally, the unhelpful timing of payments in terms of meeting costs (Harding 2011).

Given the timing of the interviews (mid-way through the first year), it was perhaps surprising that relatively few were working part-time. Fourteen participants explained that this was a conscious decision, either to allow adequate time for academic work or 'space' to fit into the university community. Few reported being unable to find employment, but the location of this study (near to a large city) is salient; nearly all participants who wanted to work were doing so and many that were not anticipated working in the holidays or in their second year.

Commercial credit

Participants were asked about their experiences of commercial credit, as distinct from student loans; most commonly this referred to overdrafts and credit cards. The principal theme was that this type of borrowing was seen as risky and expensive in comparison to benign student loan debt. Nearly one-third of students reacted negatively to the idea of using commercial credit, being aware of the dangers which it held in terms of interest costs, repayment periods and the 'student-friendliness' of lenders. This was often articulated in terms of 'trust' and self-restraint:

"Interviewer: Have you got an overdraft facility on your bank account?"

Student: No. I think I would go mad or something... [frowns]. I would go mad, I don't like the idea of having access to money that's certainly not yours, I don't really like the whole idea."

Four participants highlighted the aggressive marketing techniques to which they had been subjected, with banks automatically providing unrequested credit cards or tying them into other services.

Conversely, nearly two-fifths of the sample were actively using commercial credit in daily financial management. Within this group, fifteen participants saw their overdraft as part of their personal cashflow, to be dipped into as necessary to meet basic living costs or 'maxed out' as a form of additional 'income' in term-time, to be cleared during holidays or on graduation. The remaining nine participants had arranged credit cards as an emergency safety net, although they were often locked away or left with parents, to be used as a last resort if their other efforts failed or to meet unexpected costs.

Role of parents

All participants were aged under 21 and considered themselves either to be financial dependent on their parents or to see them as a reference point in financial matters. Only three participants had been living independently prior to university and these continued to have close relations with their families; the remainder were leaving the family home for the first time. In most cases, it was apparent that parents had a strong role in constructing the students' approach to financial management and their attitudes towards borrowing and debt.

Strikingly, eight individuals had their basic living costs substantially met by their parents, either in their entirety (for two) or in conjunction with student loans. These individuals, understandably, felt financially secure and shunned commercial credit. Somewhat counterintuitively, these students were not always those from the most affluent households and, in at least one case, the largesse of the family was driven by a fear of the student accumulating debt and required considerable sacrifice. This was acknowledged by the participant, who talked about practising frugality to minimise the burden placed on their family:

"I don't feel great about [being in debt], but I know, my family, if they could help me more they would... I know my mum would help me more if she could, but she's struggling to sustain her own life as it is."

A similarly-sized group saw their parents as a safety net, analogous in some ways to the commercial credit discussed above. They borrowed or were gifted money to meet short-term and

unexpected costs, with the expectation that some or all would be repaid when loan payments or wages arrived. However, there was no standing familial support for these individuals – just an understanding that help was available if really needed.

The remainder received varying amounts of financial support from parents. This was relayed in a variety of ways, with some covering specific costs (commonly accommodation), while others provided a regular allowance. Surprisingly, some students were unaware which money came from their parents and which from loans, grants or bursaries; one described how they were required to give their student loan instalments to their parents, which were then supplemented and returned in smaller chunks. A small group (four participants) were not so lucky. They described being means-tested to expect support from their relatively affluent parents, but that this had been withheld to some extent; the family felt they could not afford it or that siblings needed funding.

Twelve participants described that their parents placed a high premium on money, many as they had had debt problems themselves and were keen that their children should avoid the same. Perhaps counterintuitively, these tended to be drawn from middle class families. Participants in this group talked about their parents impressing on them the 'value' of money and the dangers of unsustainable debt. Indeed, some appeared to defer a degree of responsibility to their family for their financial affairs:

“My mum – at first she didn't want me to take student loans and stuff like that because she was concerned about, having debts when [I] finish uni and having to pay that off and stuff like that, but now, I don't know. She is still concerned about me having debts, that's why she doesn't let me have credit cards – she advises me anyway to not like get credit cards or anything like that.”

In the words of another participant, “my dad is my overdraft”. Conversely, ten participants said that their parents were comfortable with their student debt, largely because they saw getting a degree as a valuable pursuit standing them in good stead in the long run.

Friends and peers

The final influencing factor on the participants was their own friends and the wider peer group. The principal theme, mentioned by twelve participants, was friends enjoying a considerably more expensive lifestyle than their own, typically involving frequent nights out and alcohol consumption, but also including designer clothing and electronic equipment. While this was viewed enviously by some, the majority were largely thankful that they were not participating, seeing it as unrealistic and likely to lead to financial difficulty. An additional seven participants talked about how some students were very financially fortunate, with significant family support and no debt:

“Quite a lot of my friends, their parents financially support them through everything, so they are not actually in any debt. So I have to deal with people that who can just blow money like that, because I think their parents are paying for it. But then I have got a few friends that are in the same situation as me and they have to watch what they spend, because they can’t afford to spend everything they want to do.”

Seven individuals specifically defined themselves as ‘typical’ or ‘average’ students; in the mainstream of the student experience, living within their means and not experiencing any

difficulties beyond those of their friends. Two others expressed similar sentiments by situating themselves in positive relation to friends who were struggling and working long hours to make ends meet. Two students spoke about feeling socially isolated and their inability to enjoy what they saw as the typical student lifestyle. These were both from lower income households, but they did appear to be coping with their circumstances, even if they were not able to meet their lifestyle expectations. They described declining invitations to go out and that this had limited their circle of friends, but they gave no indication that they were likely to withdraw from studying as a result.

Towards a typology

Turning to the main thrust of the paper, we present a six-way typology of participants' attitudes towards debt. It is important to stress that we do not see these types as deterministic and, indeed, many participants expressed views that fell across categories. In fact, it is likely that they construct their attitudes quite differently depending on the company they are in, be this friends, parents or researchers. It is also likely that attitudes are fluid over time and influenced by recent events. Nevertheless, the six types presented below do appear to represent the full range of attitudes that might be held by contemporary students, although the proportions may differ depending on university, course and study stage.

In particular, four types stood out as being particularly prevalent, each being represented by around one-third of participants. We have labelled these as *debt-positive*, *debt-savvy*, *debt-resigned* and *debt-oblivious*. The other two were less common, with only one-fifth of students in each: *debt-anxious* and *debt-angry*. As mentioned above, two participants had no debt and so

obviously fell into none of the six types – or could be conceptualised as a tiny seventh *debt-free* type. These are illustrated with a short vignette of a typical member, highlighting apparent connections to demographic context and the other themes described above.

Debt-positive

Debt-positive students believed that their loan was a strong and rational financial investment in their future. They felt secure in a good decision that would pay dividends in the long-run, in terms of employability, earning potential and job security. There was also value placed on the idea of ‘graduateness’ and the university experience outside the classroom. Counterintuitively, these students were disproportionately drawn from lower income families and deprived areas. Some juxtaposed the opportunities of higher education against the lack of opportunity in their own neighbourhood, viewing student debt as a reasonable price to pay to improve their economic situation beyond that of their parents.

Sarah is studying joint honours and intends to become a primary school teacher. Her father is a retired dockyard mechanic while her mother works part-time in a shop; they live in a deprived neighbourhood in a large city. Sarah’s older sister is also at university, but these two are the first generation in the family to do so. She receives a full funding package comprising tuition fee loan, maintenance loan and grant. She gets occasional financial help from her family (*“They try their best but... I think it’s hard for them”*) and has an overdraft and credit card that she tries not to use (*“I know it is such a bad thing to have, but it is there for an emergency more than anything. If I don’t have any money and I need to get food, or pay my accommodation, then it is there for that”*).

She works during the university holidays, but enjoys the freedom of not having a term-time job.

She views being in debt as a wise long-term investment to realise her career aspiration :

“Sarah: I know I had the attitude where I was ... going to be in debt, that I was going to have a good job at the end of it and I will be able to pay it off in no time... I don't think I look at it as a bad thing.

Interviewer: Yes – it's not such a stigma?

Sarah: No, I don't think so; I think it is something that is expected. You go to university knowing that you are going to come out with a massive debt.”

In contrast to the debt-savvy group described below, Sarah is not aware of the scale of debt that she was accruing, nor the details of the funding she was receiving. Rather, Sarah envisages general indebtedness as part of a wider meta-narrative of social mobility. When asked about how her life would be different from her parents, she responded:

“A lot more [pause] money, so I think I am going to... well hopefully, I would like to think obviously, going to University and having a degree behind you, you are going to earn a lot more than, than somebody without it; and I think that is what my parents think as well. They feel [my sister and I] are going to be a lot better off than they were when they first started out in jobs because obviously [we] are going to be paid more. I think they think that I will just have money, more sort of stability and freedom, because obviously you have experienced different things in life.”

Debt-savvy

Participants who expressed debt-savvy views were disproportionately from urban areas, perhaps due to the better information and guidance that they had been exposed to through proximity to a university. They were very switched-on about how the loan system worked, being well-acquainted with details like the prevailing interest rate, the repayment threshold, the likely size of repayments, their possible starting salary and so on. Consequently, they saw the system as broadly 'fair' and their student debt as manageable and not of undue concern. They did not tend to express the unquestioning positivity of the previous group, but had come to a balanced and informed decision that higher education was affordable for them.

Nathan lives in a deprived neighbourhood within a large town with his mother and stepfather. The latter owns his own gardening business, while the former is training to be a teaching assistant. Neither had attended university, although his mother had aspired to do so. While his parents own their home, Nathan received some means-tested grant alongside his loans for maintenance and tuition fees; he also had some savings from working through a gap year. Nathan studies English and took a late decision to go to university – during his last year at school.

As a matter of principle, Nathan does not ask for money from his family, although he believes they would help him if asked. He avoids using both his free overdraft and the credit card that was sent to him automatically. He is not working, but he is intending to organise a job for the summer holiday and hopes to get a term-time job for the following year. Perhaps the most striking component of Nathan's interview was the extent to which he had made careful calculations about his finances both in the short- and long-term:

“Interviewer: With your student loan debt, how do you feel about that? Are you comfy with that or are you anxious about it or...?”

Nathan: I’m quite comfy with it really. Um, like it’s relatively – it’s not difficult to pay back. Like it’s sort of £900 a year once you’re earning over fifteen thousand or something and to be honest money’s not really a big thing for me. So yeah I’m happy with it really.

Interviewer: Because money’s not important therefore being in debt isn’t an important thing either?

Nathan: Say if it was like a debt where the bailiffs were coming in, it might be a problem then, but no, they’ve never – it’s probably the way I’ve been told about it, it doesn’t seem to me as a problem.

Interviewer: And what about your family? What do they think about your student loan debt? Are they comfy with it or?

Nathan: Yeah they’re fine with it, yeah, I’ve explained to them like how you pay it back and things and they feel the same as me about it really.”

Despite this calculated approach to finances and debt, Nathan interestingly did not have a clear career plan in place.

Debt-resigned

Debt-resigned students saw their debt as a necessary evil in order to undergo contemporary higher education. The phrase *“we’re all in the same boat”* was used by several participants, invoking a sense of camaraderie in shared experience within the student mainstream; an ‘average’ student, making their way despite a borrowing regime that they were not particularly pleased

with, but which simply had to be gone through. They were disproportionately likely to come from more affluent areas, but they also talked about leading a frugal lifestyle within their means and an aversion to commercial credit. One therefore builds an image of students from comfortable, but not rich, families and who have tacitly and stoically accepted the inevitability of their debt while simultaneously seeking to minimise it through lifestyle choices.

Darren lives with his mother and father in a “*nice area*” in an affluent town. His mother is a senior schoolteacher while his father had been a sales manager before recently setting up his own artisanal business; both had been to university. Darren is studying graphic design having expected to go to university since his youth.

Despite the relative affluence of his family life, Darren very much sees himself as a “*normal*” student, enjoying a reasonable social life while not having the financial resources of some peers: *“a lot of people I am friends with, their parents have paid their tuition fee upfront and then give them like £400 a month to just do what they want with. So it is like, whoa! I have to try and be a bit conservative”*. He does not receive any maintenance grant, but had taken out both forms of student loan. He also has savings from working prior to university. His parents felt that he should cover his own costs while at university and so do not provide any additional finances (*“I know if I needed money, they would lend me some, but they have always sort of said that now is the time to learn how to budget”*). He is working part-time as a waiter and actively uses his overdraft to balance the books, paying it off when he has money again; he has left his credit card with his family to avoid temptation.

Darren is easy-going about the debt he was accruing, viewing it as a mainstream experience shared with the vast majority of his peers:

“Darren: I suppose I am comfy with [debt] because everyone is in the same boat really apart from the odd few people who have parents who have paid their tuition fees or whatever, but the way I see it is everyone who goes to university, well, the majority of people who go to university ... will all have that same debt. I can always pay it back at such a low rate over a period of time, it doesn't, I suppose I sort of feel – yeah it would be nicer not to have it, but at the same time everyone is going to have it.

Interviewer: So it is normal?

Darren: It is just normal, just something I suppose you have got to consider but it not a major thing.”

Darren is slightly atypical in that his family were not providing him with financial support, but his wages and savings compensated for this, though, as he observes, *“There are always people with more money than you.”*

Debt-oblivious

This group simply did not engage with the issue of student debt and tried not to think about it in their everyday lives. They either saw it as a problem for the future or an issue that their parents dealt with and in which they were mere travellers; they also tended to feel that their parents were comfortable with their debt levels. It was in this group that most of the media stereotype students were to be found – living beyond their means and spending heavily on their social lives and consumer durables. They saw penury during their student experience as far from inevitable

given their earnings expectations and their ability to draw on credit. This group were also likely to say that they were receiving regular financial assistance from their parents.

Tom lives with his father, mother and younger sister in an affluent small town near a medium-sized city. His father has recently been made redundant, but had previously worked as a business manager in a large building company. His mother works part-time in corporate event management. Both have degrees; university education and professional careers are common within Tom's extended family. He studies law for interest rather than a specific career path, having long anticipated going to university (*"it is seen as the 'done thing', if that makes sense"*). He attended a fee-paying school and took a gap year, which he spent working at ski and surf resorts. This enabled him to save up some money and he is proud that he has not needed to dip into his overdraft, unlike most of his friends. Unsurprisingly, Tom is not entitled to a means-tested grant, but he has taken both parts of the loan. He also receives £50 a week from his parents. This enables him to not work during term-time, though he is keen to work over the summer holiday to build up his reserves.

Tom sees debt as an evitable component of university, observing that his parents had already covered his school fees (*"I certainly wouldn't be expecting mum and dad to bankroll [university]"*) and demonstrates a comfortable attitude to his student debt:

"I'm not too concerned about it. Obviously ... that's quite a lot of money that I am going to be due at the end of it but it's not something that I am overly worried about it. It is something that happens. The repay scheme seems pretty fair, it's not something that is too horrific – I won't have my kneecaps blown off in the next couple of weeks, so I think it is

something that is recognised. I wouldn't say it is something that is worried about by any of us."

Tom's social life is built around regularly going to bars and nightclubs (*"the going out and having a good time"* was one of his motivations for going to university) and it is tempting to surmise that his student experience is similar to those mentioned by other participants as being enjoyed by richer students, although his is managed without recourse to commercial credit or an eye-watering allowance from his parents.

Debt-anxious

The first of the smaller types contained those expressing high levels of anxiety about the debt they had already accrued and what they anticipated for the future. Some talked about *"trying not to think about it"*, while others were clearly thinking about it regularly and in detail, leading to stress and worry which impacted on their wider student experience. This group was particularly notable for the high proportion of young women that it included and, in some instances, it was clear that this anxiety about money had been transmitted from their parents. They saw debt looming in the background and casting a shadow over their university experience; indeed, the group included several individuals for whom a fear of debt almost deterred them from entering higher education.

Ife was born in Nigeria and moved to the UK with her parents when she was very young. She lives on the edge of a small city in a deprived neighbourhood, where her family owns their home. Both her parents are engineers, educated to postgraduate level; her elder brother had just completed his degree. Her extended family has a strong tradition of education and work in the professions,

both in the UK and Nigeria: *“in our culture, anyway, there’s not really any other path but education”*. She is studying town planning.

Because of her parents’ income, Ife receives the minimum loan package, but her family helps her financially. She also has a part-time office job, but is planning to resign as *“it’s diverting my attention from what I’m supposed to be doing”*. She uses her overdraft, but tries to avoid doing so:

“Interviewer: How do you feel about debt? What’s your attitude to debt?”

Ife: Oh, I hate it.

Interviewer: You hate it?

Ife: But I have to – I would rather not take out any form of loan or anything if I could avoid it. I don’t – I just don’t like the thought of owing somebody money or something and even when I was in the £1,000 overdraft it was just making me a bit, not depressed, but kind of panicky a little bit and I worked all summer to clear that off – I’m not really a fan of debt.”

This is clearly a principle that she has inherited from her parents: *“My dad hates debt. He will avoid it at any cost really. He’s not a fan: ‘if you don’t have money, don’t buy it’ sort of thing and my mum’s the same – if you don’t have money, don’t spend it.”*

Debt-angry

This group held the most trenchant views about debt, although their rationales for doing so varied considerably. Some felt that the system was highly unfair, particular the need to pay tuition fees

and were politicised about their objection. These rejected the ideas of the debt-positive type, feeling that higher education was not a good investment due to the debt incurred. Others had a visceral response to the concept of being in debt, whether through student loans or commercial credit, and took active steps to reduce their liability.

Matt lives with his parents and two younger siblings in a large coastal town. Their neighbourhood is deprived, although Matt's family own their relatively large home. His father works as a business manager for a government agency, following an earlier career in the armed forces, and his mother is a librarian. She had been to university, whereas his father had gone directly into officer training.

Matt is studying law and receiving a full support package as both parents were unemployed when he started studying. His parents don't contribute financially as they are paying school fees for his brother, but *"they've always said that if I do start struggling that they'd rather I went to them than to a bank or something... I think they can help me if it was desperate."* He is not working during term-time, but had worked during the summer and was intending to do so again.

Matt has had difficulties in obtaining his funding due to what he perceives to be incompetence at the Student Loans Company. This perhaps coloured his reaction to the situation in which he now finds himself:

"Interviewer: How do you feel about [being in debt]?"

Matt: A bit miffed to be honest. I just... I don't understand. I mean, I don't mind paying, but I don't understand why I'm paying as much as I am because like at the end of the day when we have our seminars and stuff we're sat in a little classroom and only talk about the subject [...]. Obviously you've got to pay the lectures and the seminar people and what not,

but there's 300 law undergraduate students and everyone's paying £3,000... I don't know why Scotland and Wales can give the students reduced fees or not have to pay at all, so maybe there's a reason that England can't do it, but it seems a bit weird that they can and we don't."

Matt's family had sought the intervention of their Member of Parliament to get his financial circumstances sorted out in a timely fashion, but he was very conscious of the mounting costs (*"I'm £8,000 in debt already"*) alongside his difficult entry into higher education.

Discussion

Despite the ubiquity of student debt, little qualitative research has been undertaken since the 2006 implementation of the Higher Education Act 2004, which radically increased student indebtedness through the introduction of loans for tuition fees.

There are two dominant, yet contradictory, discourses about students and money. The first crude stereotypical image, often perpetuated by the popular media, is of students leading hedonistic lifestyles fuelled by alcohol and spending little time studying (e.g. Daily Mail 2010). The second, more often to be found in the left-leaning press and academia, is of impoverished students struggling to meet day-to-day costs and resentful of the burden that they face (e.g. Topham, Midlane and Brilliant 2012). In this context, the diverse lived experiences of actual students are in danger of getting lost.

In recording and classifying the range of student experiences of finance, this paper has found evidence to support the attitudes and behaviours reflected in these stereotypes, but they were far from exhaustive. Indeed, they comprised only two out of the six types suggested here. The 'centre of gravity' lays somewhere between the debt-savvy and debt-resigned groups: surviving on limited means in the knowledge that this was the mainstream experience and reassured by an understanding that repayments were deferred and manageable. This form of student experience rarely hits the headlines.

The attitudes of young people from lower income families is particularly interesting in the context of the attempts to widen participation in higher education among this group. As noted above, some analysis slides into unevidenced assumptions that increasing student debt acts inexorably as a deterrent for this group, inferring a higher price elasticity than for their more affluent peers. This study suggests that the picture is much more complex than this assumption would predict, although it clearly does not give voice to those young people who were dissuaded from pursuing higher education. Many participants from disadvantaged backgrounds were actually very positive about the opportunities presented to them. As one working class participant put it, *"I think people use like money as an excuse sometimes, but I haven't found that financially-wise coming to University [was] particularly difficult."* However, others were less sanguine and a sizeable minority were either worried about debt or had felt that it had been a barrier to their entry; but one that they had overcome. In common with previous literature, this study did find more debt aversion from women. [There were no obvious connections between subject area and debt attitudes, but this would bear more investigation in the future.](#)

The largest of all 33 themes identified in this study, mentioned by two-fifths of the sample was that higher education is a good investment. This is a key tenet of *human capital theory* (e.g.

Becker, 1994): that extended education will reap returns for the individual in the long-run through the securing of more lucrative and rewarding work. It has been a centrepiece of successive White Papers (Department for Education and Skills 2003; Department of Business, Innovation and Skills 2011), coupled with the rationale that the same principles hold for the state too – a better educated populace leads to increased global competitiveness. It is interesting to note the extent to which this discourse appears to have taken root with students, especially those for whom social mobility is a key concern.

As Canny (2002) and others note, working part-time during secondary school has become a very common practice for young people. In their later teenage years, it provides them with considerable disposable income and very active social lives, other costs being met by their families. For many, then, there is a rude awakening on entry to higher education where, despite financial support from the government, their university and/or their family, their sustainable standard of living declines markedly. For some, this is the time to rein in their excesses, while others use commercial credit or excessive hours of work. To some extent, difference in this report were shaped by the individual's ability to adapt quickly to their changed circumstances and aspects of their personality (*removed for review*).

Related to this was the degree of agency shown by the participants. For many, their parents had previously managed their financial affairs, leaving them with part-time work income as disposable funds for luxuries and socialising. This continued into higher education too; as one put, their family *“are very much a part of the journey”* and there was a strong sense from many that they had abrogated large parts of their financial responsibility to their parents. In doing so, their indebtedness almost ceased to be part of their student experience, with participants deferring consideration of the implications until graduation and feeling more comfortable about their

situation. Others were very much active agents in devising their financial package, regulating their expenditure and anticipating the future. This relationship between personality, financial agency and attitudes would bear further research.

There are ramifications from this study for the ways in which universities may wish to gear the financial support that they provide. With the expansion of student aid there has been increased focus on the mitigation of tuition fees as a means of making higher education more attractive. This study suggests that this may not be the primary concern of many students from low income backgrounds, with their focus being more on 'cash in pocket' to meet everyday living costs and avoiding the need for commercial credit or excessive part-time work. However, there remains a significant minority of students for whom indebtedness is a source of anger or anxiety. This could potentially be offset by the provision of improved counselling and financial advice, both at the pre-entry stage and during their studies. Problems with the provision of money through the Student Loan Company are noted and universities need to ensure that they have good safety net provisions in place for those students affected to ensure that they do not have short-term difficulties.

Limitations

This study is limited in a number of ways. Firstly, our typology arises from our sample and needs more research for confirmation, although it is difficult to conceive of a significant corpus of attitudes lying beyond the proposed types, [even after the increase in debt expected after the 2012 changes](#). However, a larger sample might provide evidence that one or more of the types should be split further. The ideal next stage would be to construct an inventory of questions derived from

the typology as the basis for a quantitative multi-university approach, using factor analysis to isolate discrete clusters of attitudes.

Secondly, our sample was partly self-selecting. Efforts were made to ensure a broad spread of participants by gender, subject area, ethnicity and social class. However, those students volunteering for a research study may be atypical, particularly in regard to their motivation or commitment to higher education. Nevertheless, students who were less attached to their studies certainly were represented within our sample of 62.

Thirdly, the study was undertaken in the second term and the sample does not include any individuals for whom finances or wider considerations proved so unpalatable that they withdrew within the first four months. It also clearly excludes those who decided not to apply to or enter higher education because of a fear of debt.

Fourthly, this study provides a snapshot in time at a certain point in a student's passage through university. As Harding (2011) notes, attitudes are subject to change, with students generally becoming more financially confident between their first and second years. Future studies could track individuals over time to provide more data about attitudinal fluidity.

Conclusions

Standing on the verge of another rise in the cost of higher education, this paper aims to provide new data on the financial attitudes and behaviours of UK undergraduates. It aims to capture the range of contemporary attitudes, including outliers like those without any debt. It is based in a

single institution – albeit one whose profile reasonably matches the sector as a whole. As such, it does not make strong claims to knowledge.

A six-point typology is suggested, with the ‘centre of gravity’ being broadly around an acceptance of student debt as a normalised feature of contemporary student life, coupled with a sense that repayment is a future concern and that the terms are manageable. Relatively little evidence for a wholesale rejection of the concept of student debt was found, although a minority of students did describe anxiety, social isolation, anger and similar emotions. This study provides some evidence that the current generation of students is more accepting of, and prepared for, indebtedness than their forebears.

Also of note was a general distaste for commercial credit among students, despite aggressive marketing tactics by banks; even free overdrafts were viewed with a healthy suspicion by most. In contrast, student loan debt was viewed as safe and a positive investment towards future well-being. This perhaps illustrates the extent to which human capital theory has become embedded in the discourse around student funding.

Many students starting university in 2012 will be anticipating debts on graduation of around £40,000. This is another step change in the ever-changing student financial experience. This study found a surprisingly reassuring knowledge about student loans. The current government insists (to some scepticism) that the repayment terms for this next generation will be preferable to those prevailing for the students in this paper, but it remains to be seen whether it will be overall debt, ‘cash in pocket’ or repayment terms that will influence the demand for higher education and the student experience in the future.

Appendix A: list of themes and number of participants for each (n = 62)

Theme	n	Theme	n
HE as a good investment with long-term benefit	23	Can't be trusted with commercial credit	7
Awareness of manageability of debt repayments	22	Some (other) students have lots of money and/or no debt	7
Haven't thought about debt / problem for later	22	Feels like an average or normal student in relation to peers	7
Regulate spending to minimise debt	21	Debt was a negative factor in decision to attend university	6
Everyone is in the same boat / debt is normal part of student experience	20	Student debt is preferential or not 'real' debt	5
Commercial credit as bad deal / risky option	18	More worried about meeting living costs than debt	5
Overdraft as essential for cashflow / short-term 'income'	15	Not working during term-time to fit into university better	5
Currently worried about debt / try not to think about it	13	Unaware of details of student debt terms and repayments	4
Family is debt-averse / family values money strongly	12	Parents means-tested to support student, but not doing so	4
Family is comfortable with student debt arrangements	10	Aggressive marketing of commercial credit	4
Some friends spend recklessly	10	Becoming more comfortable with debt over time	3
Avoid debt where possible / debt is wrong	9	Student loan is used to finance luxuries and/or hedonist lifestyle	2
Not working during term-time to focus on academic work	9	Family pays for everything / no debt	2
Commercial credit is a safety net	8	Intends to use placement year as an injection of income	2
Family is contributing regularly to costs	8	Better off than some friends doing long hours of part-time work	2
Family is safety net / family is contributing occasionally	8	Feeling social isolation as a result of available money	2
Difficulties due to loan delays and/or timing of payments	7		

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