



Applied Financial Economics >

Volume 11, 2001 - Issue 1

673 | 82 | 3
Views | CrossRef citations to date | Altmetric

Original Articles

The demand for household debt in the USA: evidence from the 1995 Survey of Consumer Finance

Jonathan Crook

Pages 83-91 | Published online: 07 Oct 2010

Cite this article <https://doi.org/10.1080/09603100150210291>

Sample our
Economics, Finance,
Business & Industry Journals
 >> [Sign in here](#) to start your access
to the latest two volumes for 14 days

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

This paper investigates first the factors which determine whether a household is likely to be rejected or discouraged from applying for credit and second, which factors explain the amount of debt which a household demands. All of the published papers which have addressed the first question have used data relating to the period 1978–1983 or, in one case only, 1984–1989. All the papers which have investigated the second question have used data for the earlier period only. In this paper data for 1990–1995 from the latest version of the Survey of Consumer Finance are used. A univariate probit model with standard errors corrected for sampling weights is used to shed light on the first question and a bivariate probit model followed by a two stage least squares selection model to estimate the demand for debt. Results are found which are similar to those for the earlier years and some new ones. In common with earlier results it is

found that a household demands less debt when the head of the household is aged over 55 years and when the head is relatively risk averse. A household demands more debt when its income is higher, when it owns its own home, when the family size is larger and the head is working. It was also found that the result of being black increases the probability of being credit constrained but it does not increase a household's demand for debt. This is therefore a result found consistently for the late 1980s through to the early 1990s. In addition to these results which are in common with earlier papers for earlier periods it was also found that if a household has a large expected expenditure in the next few years it demands a larger amount of debt now, that the higher the net worth of a household the less debt it desires and that a household's expectations concerning future interest rates has no effect on its demand for debt.

Related Research Data

[The Adjustment of Consumption to Changing Expectations About Future Income](#)

Source: Journal of Political Economy

[Consumption and Liquidity Constraints: An Empirical Investigation](#)

Source: Journal of Political Economy

[Who is Credit Constrained in the U. S. Economy?](#)

Source: The Quarterly Journal of Economics

[Credit constraints and US households](#)

Source: Applied Financial Economics

[Limited-dependent and qualitative variables in econometrics](#)

Source: Unknown Repository

[Credit and British Consumers: Some Micro Evidence](#)

Source: Fiscal Studies

[The Permanent Income Hypothesis: Estimation and Testing by Instrumental Variables](#)

Source: Journal of Political Economy

[Liquidity constraints and the permanent-income hypothesis](#)

Related research

[People also read](#)

[Recommended articles](#)

Cited by
82

Information for	Open access
Authors	Overview
R&D professionals	Open journals
Editors	Open Select
Librarians	Dove Medical Press
Societies	F1000Research
Opportunities	Help and information
Reprints and e-prints	Help and contact
Advertising solutions	Newsroom
Accelerated publication	All journals
Corporate access solutions	Books

Keep up to date

Register to receive personalised research and resources
by email

 Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#) [Cookies](#) [Terms & conditions](#)
[Accessibility](#)



Registered in England & Wales No. 01072954
 5 Howick Place | London | SW1P 1WG