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The background of the entire page is a dark, textured image of various banknotes, including Georgian Lari and US Dollars, with two white dice placed on top of them. The dice are positioned in the center, with one showing a six and the other showing a five.

# LOANS AND GAMBLING IN GEORGIA:

## FINDING FROM A SURVEY

2024

# Loans and gambling in Georgia:

## Finding from a survey

October, 2024

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### **ABOUT CRRC-GEORGIA**

CRRC-Georgia is a non-profit research organization which provides good data for public good. The organization's mission is to promote evidence-based discussions on pressing societal issues by producing reliable, up-to-date, and accessible data and analysis.

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## EXECUTIVE SUMMARY

In Georgia, the demand for loans is increasing despite challenging economic conditions. Several socioeconomic issues may be related to the increased demand for loans. The primary objective of this study is to assess these factors, which include demographics, income levels and sources, and other individual-level variables such as financial planning skills, attitudes toward gambling, the role of government in market regulation, self-assessed financial risk taking, and basic numeracy skills. Another objective of the study is to examine the relationship between gambling and loan demand. It also assesses the factors that influence gambling itself.

The survey was conducted using computer-assisted telephone interviewing (CATI). A simple random sample was taken using random digit dialing (RDD). The survey has 1,234 completed responses with a theoretical margin of error of 1.6%. Fieldwork was completed between March 11 and March 14. The data is weighted to ensure that it is representative of the country's Georgian-speaking population.

Loan patterns were analyzed, including loan amounts, types of loans, reasons for taking out a loan, and payment burden. The majority of the population in Georgia has loans of up to GEL 5,000, with a smaller percentage having larger loans of over GEL 50,000. Consumer loans were most common, followed by installment loans, loans from relatives or friends, and pawnbroker debts. The main reasons for taking out loans were household expenses, health problems and other debt payments, while loans for travel were less common. The data indicates that the majority of the population pays up to 501 GEL per month, and most often, after paying the monthly obligations, the remaining money is enough for food, but not for other essentials, such as clothes.

Sociodemographic factors influencing mortgage ownership include gender, age, employment status and education level; other types of loans are influenced by settlement type, age, employment status and education. Income level is associated with both mortgage and other types of loans. Individual attitudes towards government regulation of the market, financial planning skills and gambling experience do not affect mortgages but are associated with other types of loans. Financial risk taking affects both mortgage and other types of loans. Individuals characterized by a relatively high level of financial risk taking are more likely to have loans.

The effect of loan information framing on decision-making differs by loan type. For consumer loans, additional loan information does not significantly alter decision-making. However, for mortgages, providing information about expected sanctions for default reduces the likelihood of taking out a loan.

The study also examines the relationship between gambling experience and various demographic and psychological factors. Demographic analysis shows that males, individuals aged 18-54, and urban residents are more likely to have gambled, while those with higher religiosity are less likely to gamble. Financial planning attitudes also influence gambling, with more impulsive individuals 13 percentage points more likely to gamble than more cautious individuals. Attitudes toward gambling are not significantly related to gambling experience, however, self-assessed financial risk-taking is associated with an increased likelihood of gambling.

## INTRODUCTION

Financial well-being is a state of being in which individuals can fully meet their current and ongoing financial obligations, feel secure about their financial future, and make choices that allow them to enjoy life. Financial well-being is influenced by one's amount of credit and monthly payment obligations.<sup>1</sup>

The public's need for loans is increasing based on data from the National Bank of Georgia<sup>2</sup>. Over the course of the last year (January 2023 to January 2024), the annual growth rate of loans taken in national currency is 17.2%, and in foreign currency 14.3%. Consumer loans account for 44.72% of all loan contracts<sup>3</sup>. In January 2024, 3,274 loan agreements were signed, which is 151 units more than in the same period of the previous year, despite the fact that the conditions for obtaining a loan becoming stricter in the previous year, 2024. Increased demand for loans can be related to various social and economic factors. One of the main goals of this study is to evaluate these factors such as demographic features, amount and source of income and other individual level factors including attitudes toward gambling financial planning and the role of the state in market regulation, self-assessed risk-taking and basic accounting skills.

Another important issue associated with financial well-being is involvement in gambling. According to changes in the law<sup>4</sup> from 2021, participation in gambling is prohibited for all persons under the age of 25 and those who are in the "list of dependents". A person can be included in the "list of dependents" based on a personal complaint or a court decision. Official statistics on annual participation in gambling and gambling addiction are not publicly available. However, according to the data of the National Statistics Office of Georgia<sup>5</sup>, the turnover of gambling companies in 2023 amounted to GEL 63.994 million which is GEL 11.347 million higher than the data of 2022. The Statistics Office has been producing the mentioned statistics since 2006, which have increased every year during this period.

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<sup>1</sup> Aubrey, M., Morin, A. J. S., Fernet, C., & Carbonneau, N. (2022). Financial well-being: Capturing an elusive construct with an optimized measure. *Frontiers in Psychology, 13*, 935284. <https://doi.org/10.3389/fpsyg.2022.935284>

<sup>2</sup> National Bank of Georgia (2024), Annual growth rate of loans. [https://analytics.nbg.gov.ge/views/Loans\\_Since\\_2003\\_GE/\\_?iframeSizedToWindow=true&%3Aembed=y&%3AshowAppBanner=false&%3Adisplay\\_count=no&%3AshowVizHome=no](https://analytics.nbg.gov.ge/views/Loans_Since_2003_GE/_?iframeSizedToWindow=true&%3Aembed=y&%3AshowAppBanner=false&%3Adisplay_count=no&%3AshowVizHome=no)

<sup>3</sup> National Bank of Georgia (2024), Loans according to purpose. [https://analytics.nbg.gov.ge/views/Loans\\_by\\_Purpose\\_GE/sheet0?iframeSizedToWindow=true&%3Aembed=y&%3AshowAppBanner=false&%3Adisplay\\_count=no&%3AshowVizHome=no](https://analytics.nbg.gov.ge/views/Loans_by_Purpose_GE/sheet0?iframeSizedToWindow=true&%3Aembed=y&%3AshowAppBanner=false&%3Adisplay_count=no&%3AshowVizHome=no)

<sup>4</sup> Law of Georgia On Organization of Lotteries, Gambling and Profitable Games, 2021 <https://matsne.gov.ge/en/document/view/5316833?publication=0>

<sup>5</sup> National Statistics Office of Georgia (2023), Basic economic indicators of gambling.

In this context, CRRG Georgia conducted a survey on factors that influence the decision to take out a loan and experiences with gambling. The survey specifically aimed to address the following research questions:

- What are the main characteristics of the population's loans?
- What factors influence the decision to take out a loan?
- What are the factors that influence participation in gambling?

To address these research questions, the study makes use of Georgia's Georgian-speaking population via a representative telephone survey with 1234 respondents. The data was collected between March 11 to March 14. The data is weighted to ensure that it is representative of the country's Georgian-speaking population.

This report is structured as follows. The next section details the methodology of the study, showing how the data was collected and analyzed. The subsequent section provides the study's findings, with subsections focused on patterns of taking out a loan, factors that influence the decision to do so, and experiences with gambling.

## METHODOLOGY

This section of the report provides the study’s detailed methodology, first describing data collection including survey design, sample, and other data characteristics. It then goes on to describe the data analysis approach to the research questions.

### Data collection

The survey questionnaire included questions aimed at measuring a wide range of concepts on patterns of taking out loans and social and demographic characteristics to understand which portions of the population had a loan and experiences with gambling. Perceptions of the state’s role in market regulation, basic accounting skills, attitudes towards financial planning and self-assessed financial risk-taking are also presented in the questionnaire to assess factors contributing to taking out loans and experiences with gambling. The survey also contained an experiment to evaluate the impact of Information framing on decision-making around loans. The experiment answers questions on the impact of providing clients with information about the total amount of a loan and expected sanctions in case of non-payment on one’s decision to take out a loan. Information framing contains the following components: total amount and duration of the loan, monthly payments, total amount of money to be paid at the end of the loan term and expected sanctions for nonpayment. Control groups were provided with the information related to the total amount and duration of the loan and monthly payment. Information about the total amount to be paid at the end of the loan term and the expected sanction for nonpayment was also provided to the treatment groups.

The survey was conducted using computer-assisted telephone interviewing (CATI). A simple random sample was taken using random digit dialing. The survey has 1,234 completed responses, with a theoretical margin of error of 1.6%. Survey fieldwork was completed between March 11 and March 14. The data is weighted to ensure it is representative of the Georgian-speaking population as well as of Tbilisi, other urban areas, and rural areas independently. The survey was conducted in the Georgian language.

### Data analysis

The survey’s data analysis was conducted using a mixture of descriptive and inferential statistics. Descriptive statistics including frequencies, means, and medians are used to describe the pattern of taking out loans and experiences with gambling.

Inferential statistics are used to examine whether different groups of the public have different patterns and experiences with respect to loan possession and gambling experience. In general, the main inferential statistical tool used within this report is regression analysis. The type of regression varies based on what kind of outcome is being explored. Unless otherwise specified, the data makes use of the following variables:

<ul style="list-style-type: none"><li>• Sex (Male or female);</li><li>• Settlement type (Tbilisi, other urban, or rural);</li><li>• Employment (Working or not);</li><li>• Education (Bachelor’s degree or higher versus lower levels of education);</li><li>• Age (18-34, 35-54, 55+);</li></ul>	<ul style="list-style-type: none"><li>• Source of Income (salary; renting; remittances/ financial assistance of relatives; social assistance; scholarship);</li><li>• Amount of income (&lt;550; 550-900; 901-1300; 1301-2000; &gt;2000);</li><li>• Attendance of religious services (once a week; once a month; only special events; more rarely; never);</li></ul>
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## FINDINGS

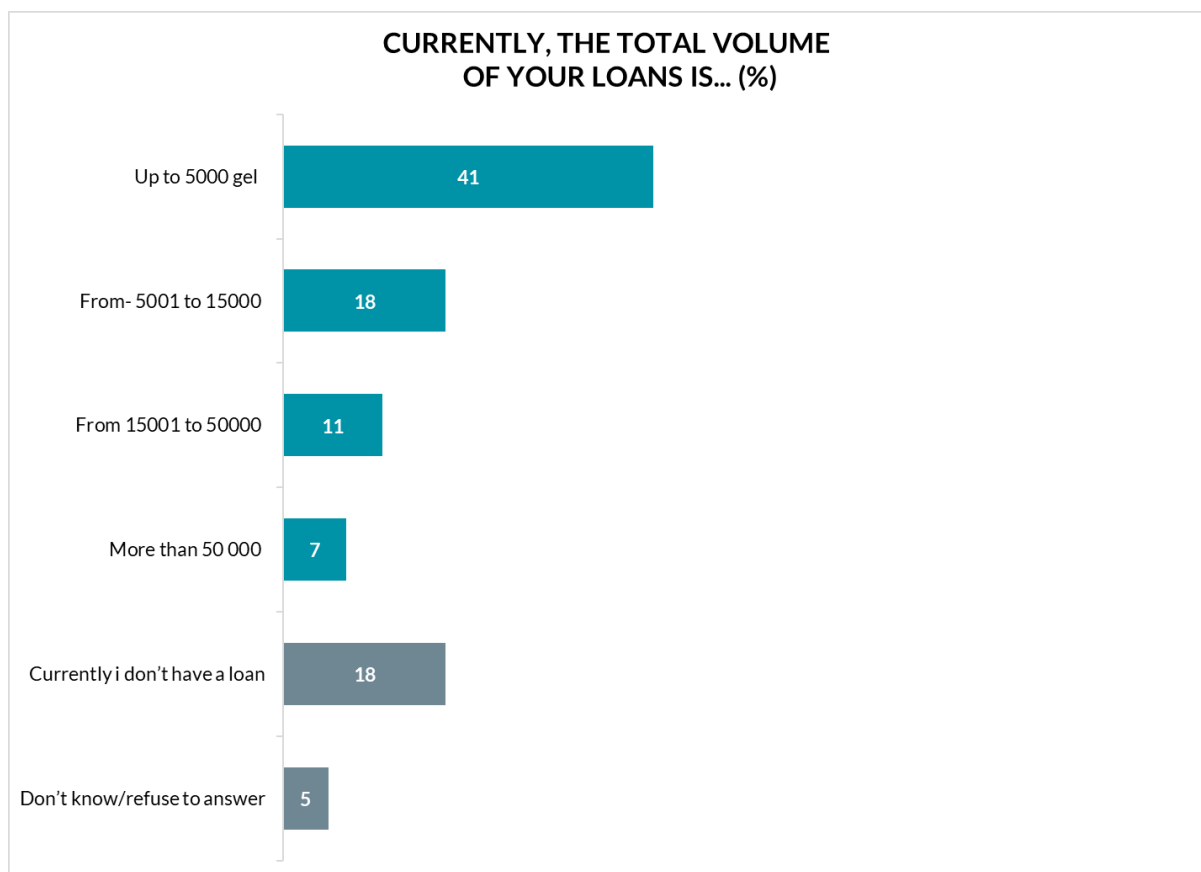
This section of the report provides the findings of the study. It first describes patterns of taking a loan. Next, it describes factors that impact one's likelihood of taking out a loan. Finally, the study assesses the factors that influence experiences with gambling.

### The main characteristics of the loans

In order to study the factors that impact taking out a loan, it is important to evaluate loan patterns, which include the total amount of a loan, types of loans people have, the purposes of taking out a loan, provided information about a loan, real estate collateral, and loan burden.

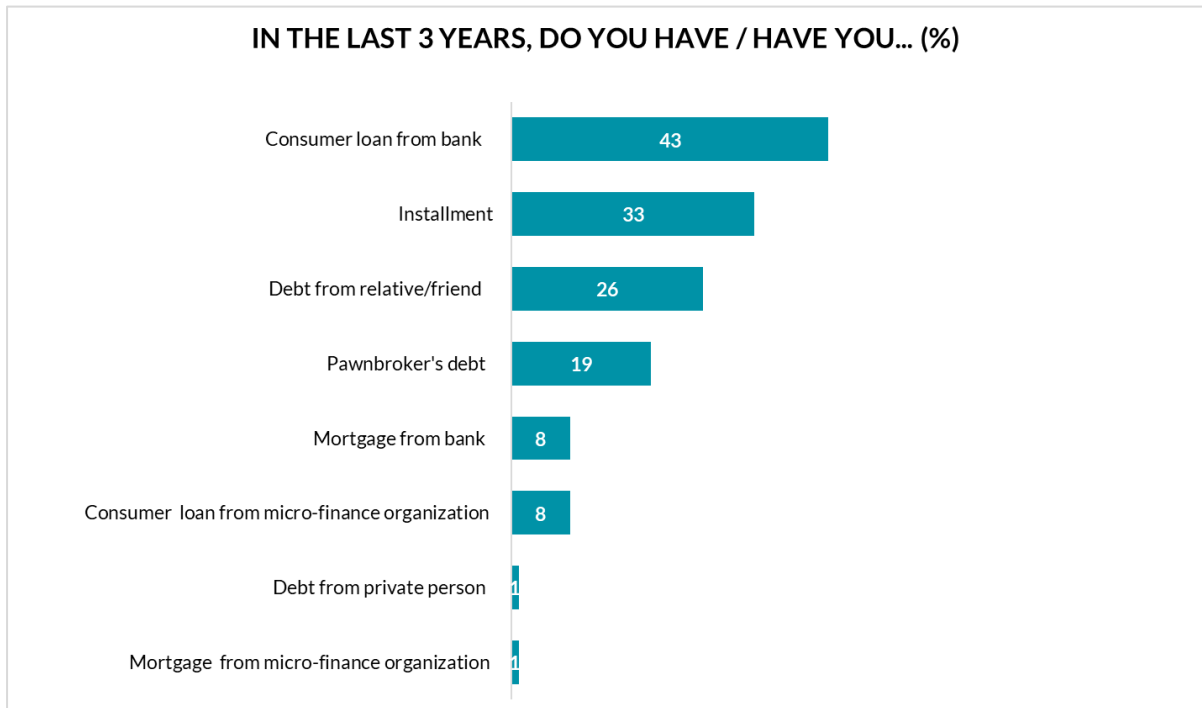
The majority of the population has a loan from financial institutions (a bank, micro-finance organization, pawnbroker) of up to 5,000 GEL (41 %) and 7% has a loan of more than 50,000 GEL. Eighteen percent of the population has no loans from financial institutions.

Figure 1 - Total amount of loan from financial institutions (%)



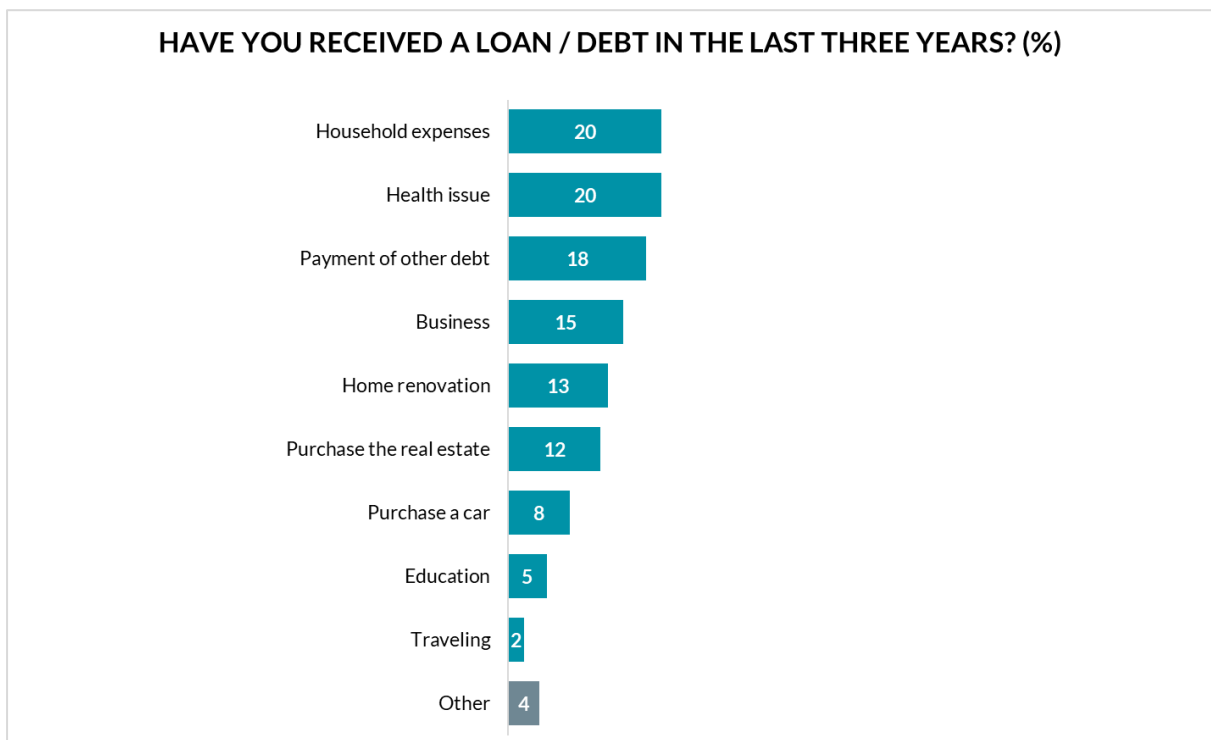
Consumer loans (43%) are the most common loan type that people have had during the past three years, followed by installment payments, with interest, (33%), borrowing from a relative/friend (26%), and debt owed to a pawnbroker's (19 %). Mortgage from a micro-finance organization (1%) is used the least frequently.

Figure 2-Types of loan taken in the last three years (%)



The three most often mentioned reasons for taking out a loan over the last three years are household expenses (such as food, clothes, and utility bills) (20%), a health issue (20%), and payment of other debts (18%). The least number of people have taken out loans for traveling (2%).

Figure 3 - Reasons of taking a loan (%)

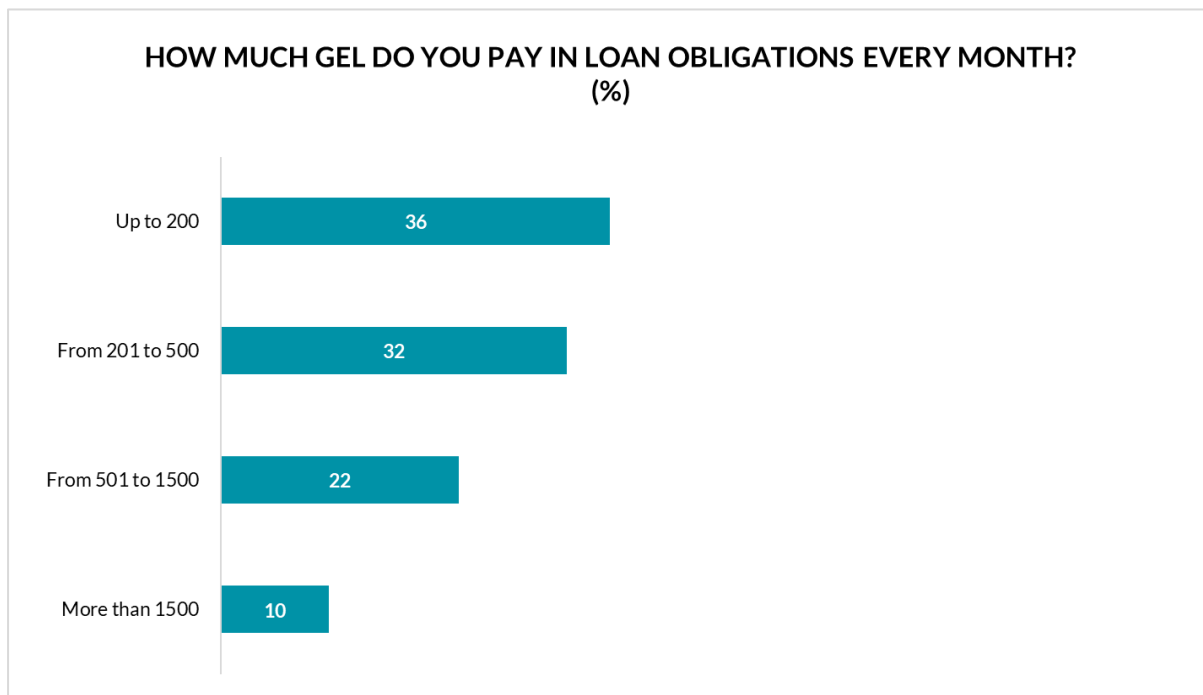


Respondents were also asked whether they were informed, before taking out the loan, of the total amount of money to be paid at the end of the loan (including principal, insurance, and interest) and of the expected sanctions for delayed monthly payments and nonpayment. The majority of respondents (85%) said they received information about the total amount to be paid, 9% said such information was not provided and 6% did not know or refused to answer. Regarding a notice of expected sanctions, 82% said they received such information before taking out a loan, 13% said they did not receive such information, and 6% do not know or refuse to answer.

One of the survey's questions inquired on experiences receiving loans by using real estate (houses, apartments, and land) as collateral. Eighteen percent of respondents indicated they were able to get a loan via real estate, 82% said they had no such experience. Almost half (49%) of people who received a loan using real estate do not own any other real estate (including a house that the respondent does not personally own but can still live in).

To assess loan burden, respondents were asked about the amount of their monthly payments, whether they had ever been late with a monthly payment, and if the money they have remaining after paying their monthly obligations is enough to meet other needs. Most of the respondents (71%) mentioned that they have never been late with their loans and the rest of them (29%) had such an experience. The data suggest that a majority (68%) of the population pays monthly up to 501 GEL.

Figure 4 - Amount of the monthly payment in GEL (%)



Most of the respondents (39%) mentioned that after paying their monthly loan obligations, their remaining money is enough for food, but not for clothes. 31% mentioned that remaining funds are enough for food and clothes, but not for expensive items. After paying monthly loan obligations remaining funds are not enough for food for 17% of population. The rest of the respondents (12%) mentioned that the money is enough for expensive items and for other necessities.

## Factors that influence the decision to take out a loan

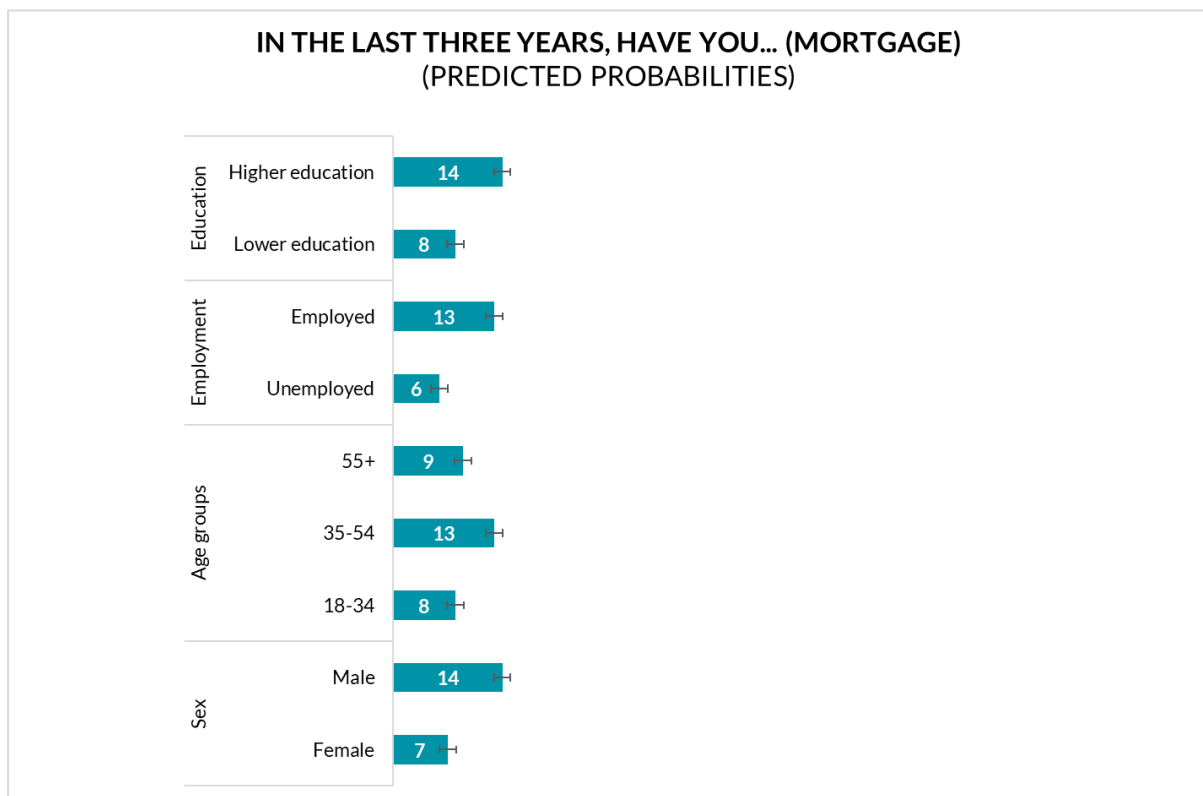
Many factors influence the decision to take out a loan. Regression analysis was used to evaluate associations between a respondent's socio-demographic characteristics, source of income, perception of the role of the state in market regulation, basic accounting skills, attitudes toward financial planning, self-assessed financial risk-taking, attitudes and experience related to gambling and having a mortgage or other types of loans (consumer loan from a bank or micro-finance organization, borrowed money from a family member/relative/friend, debt from a private lender, or debt withdrawn from a pawnbroker).

The survey experiment evaluates the impact of information framing on decision-making around loans. Information framing includes the following components: total amount and duration of the loan, monthly payments, total amount of money to be paid at the end of the loan term, and expected sanctions for nonpayment.

### Socio demographic profile of loan users

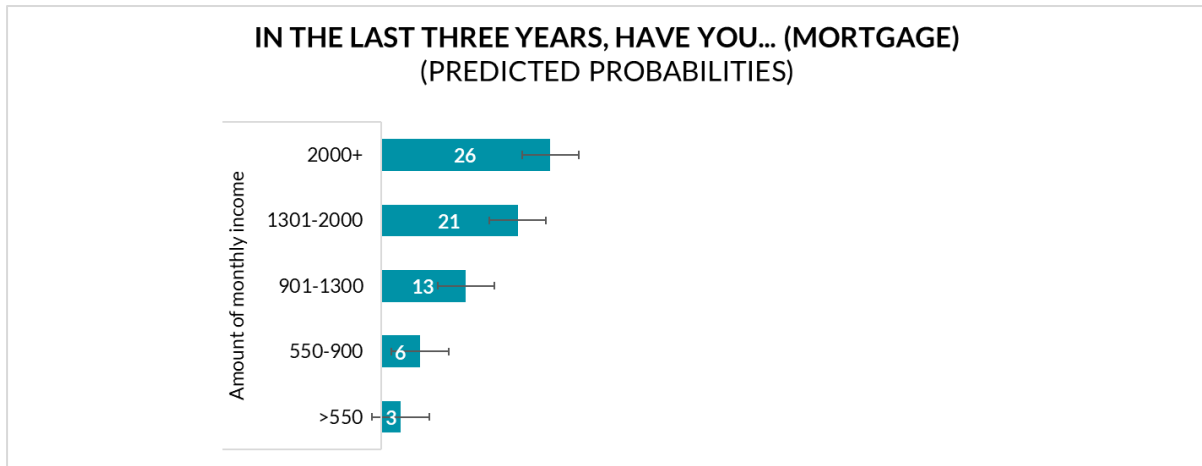
When the data is broken down by social and demographic groups, gender, age, employment, and education status are associated with having a loan. Male respondents are more likely to have a mortgage than female respondents; those aged 35-54 are more likely to have a mortgage than younger or older respondents. In addition, employed individuals are 7 percentage points more likely to have a mortgage than people who are unemployed, and people with a higher level of education are 6 percentage points more likely to have a mortgage than people with a lower level of education.

Figure 5 - Social-economic factors and mortgage



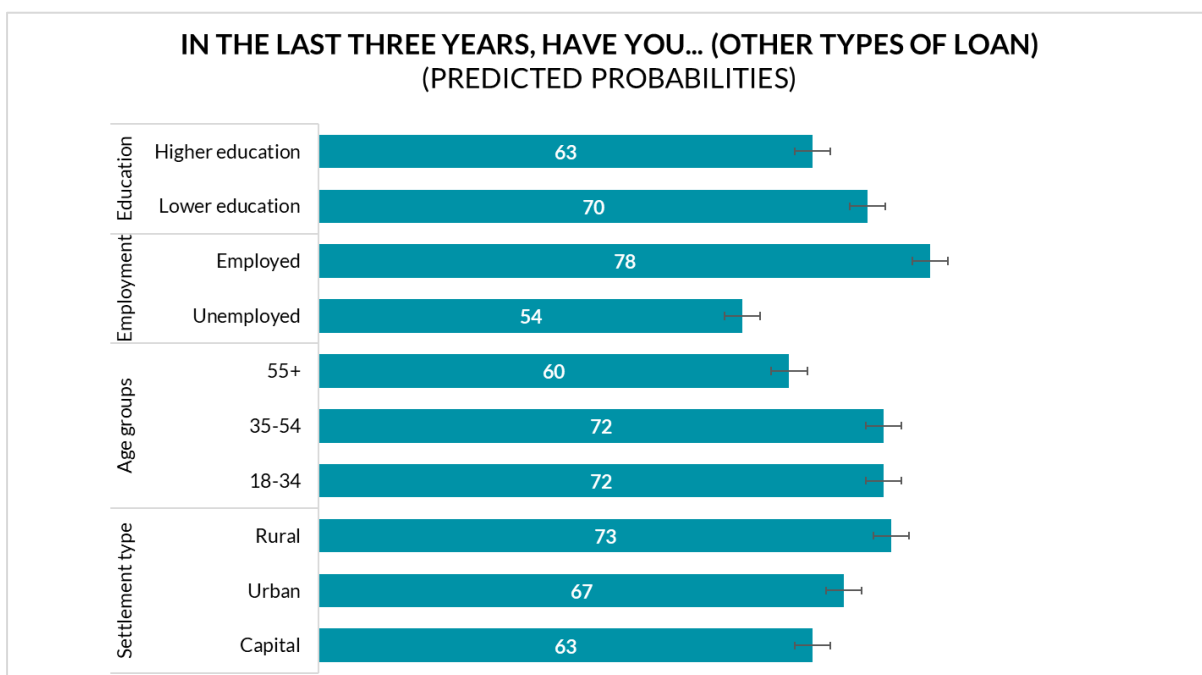
Controlling for other demographic variables, one's income is statistically significantly associated with having a mortgage. The probability of having a mortgage is increased with the amount of one's income. Source of income is not associated with having a mortgage.

Figure 6 - Amount of income and mortgage



As for other types of loans, among socio-demographic groups, the type of settlement, age, employment and educational status are statistically significantly associated with having other types of loans (consumer loans from banks or other financial institutions, installment payments (with interest) or pawnbrokers' loans). People living in rural areas are more likely to have other types of loans than people living in the capital or urban areas. In contrast to a mortgage, young people (18-34) are as likely to have other types of loan as people aged 34-55, both age groups being more likely to have a loan than older people. Employed people are 24 percentage points more likely to have other types of loan than unemployed people. Interestingly, in contrast to the mortgage, other types of loan are more likely to be held by people with a lower education, than a higher education.

Figure 7 - Social-economic factors and other types of loans



Controlling for other demographic variables, one's source of income is not associated with having other types of loans, as is the case for mortgages. As for the amount of one's income, the probability of having other types of loans increases with the amount of income one has. People with a lower amount of income than 550 GEL, are less likely to have the other types of loans than people with an income higher than 551 GEL.

### Paternalism and attitudes toward the state's role in market regulation

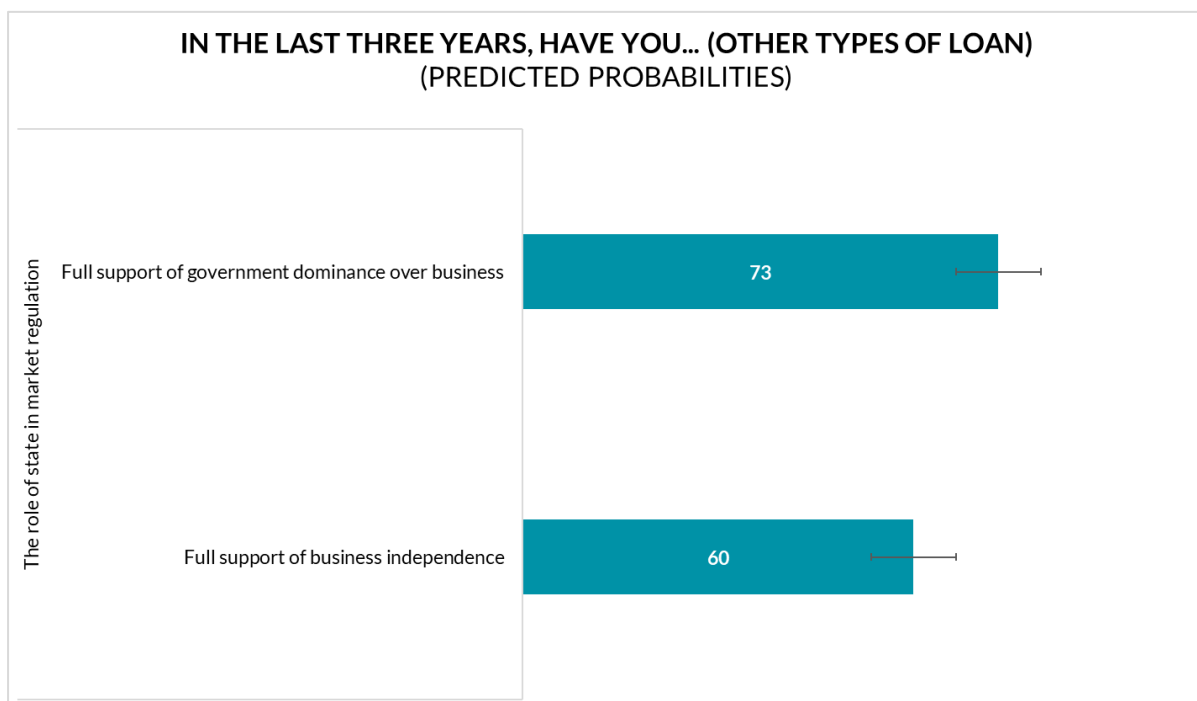
Respondents' attitudes toward paternalism and the state's role in regulating the market were expected to have an impact on taking out a loan. In order to assess people's perceptions on this issue, respondents were asked to choose whether, in their opinion, the government should take care of them like a parent or the people should be served by the government. The majority of people (70%) think that the government should take care of them like a parent, 17% chose the second answer, 6% do not agree with any of these statements and 7% do not know or refuse to answer this question.

The data was combined to create an index of the role of the state in market regulation. This included attitudes towards the role of the state in business production, product prices and employment of citizens. The index was constructed so that 0 means the respondent fully supports the independence of business and 100 means the opposite - full support of government control of business. The mean of the index was 54 and the median 67.

People's perspectives on paternalism as well as their attitudes toward the role of the state in market regulation is not statistically significantly associated with having a mortgage.

Paternalism is not statistically significantly associated with this variable in relation to other types of loans, but attitudes towards the state's role in market regulating is. The more people think that the government should control business the more likely they are to have other types of loans.

Figure 8 - Attitude toward state's role in market regulation and other types of loans



## Basic accounting skills

It is expected that respondents' basic accounting skills have an impact on their decision to take out a loan. To assess accounting skills, two questions (K1 and K2) on basic arithmetic with concrete correct answers were used in the survey. The questions were combined to create an index of basic accounting skills. The index was constructed so that 0 meant that the respondent had no correct answers, 1 meant only one correct answer, and 2 means that the respondent answered both questions correctly. Twenty-two percentage of respondents scored 0 points, 35 % - 1 point and 43 %- 2 points.

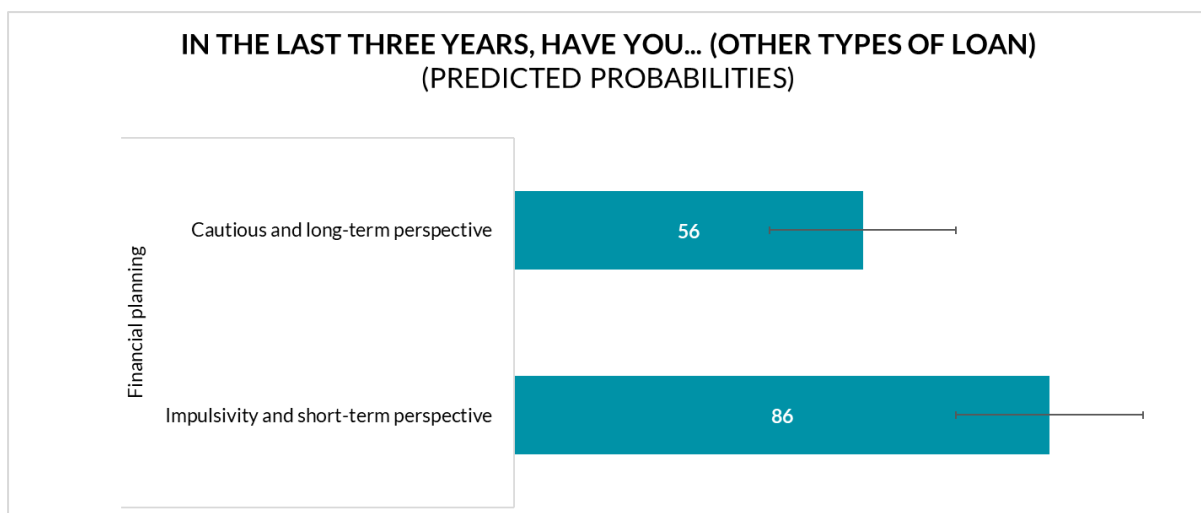
Controlling for other factors, basic accounting skills are not statistically significantly related to having a mortgage or other types of loan.

## Financial planning skills

Decisions regarding taking out loans are likely to be influenced by financial planning, which is the term used to describe someone's long-term budgeting and planning<sup>6</sup>. The data was combined to create an index of financial planning. This included experience and attitudes towards long-term life perspectives, decision-making, spending and distribution of money. The index was constructed so that 0 means the respondent is impulsive and does not plan ahead, while 100 means the opposite- future planning, caution and long-term perspective about decision making and budgeting. The mean of the index was 75 and the median was 75.

Controlling for other factors, the likelihood of taking out a mortgage is not statistically significantly related to financial planning, although the likelihood of taking out other types of loans increases as one's level of financial planning decreases.

Figure 9 - Financial planning skills and other types of loans

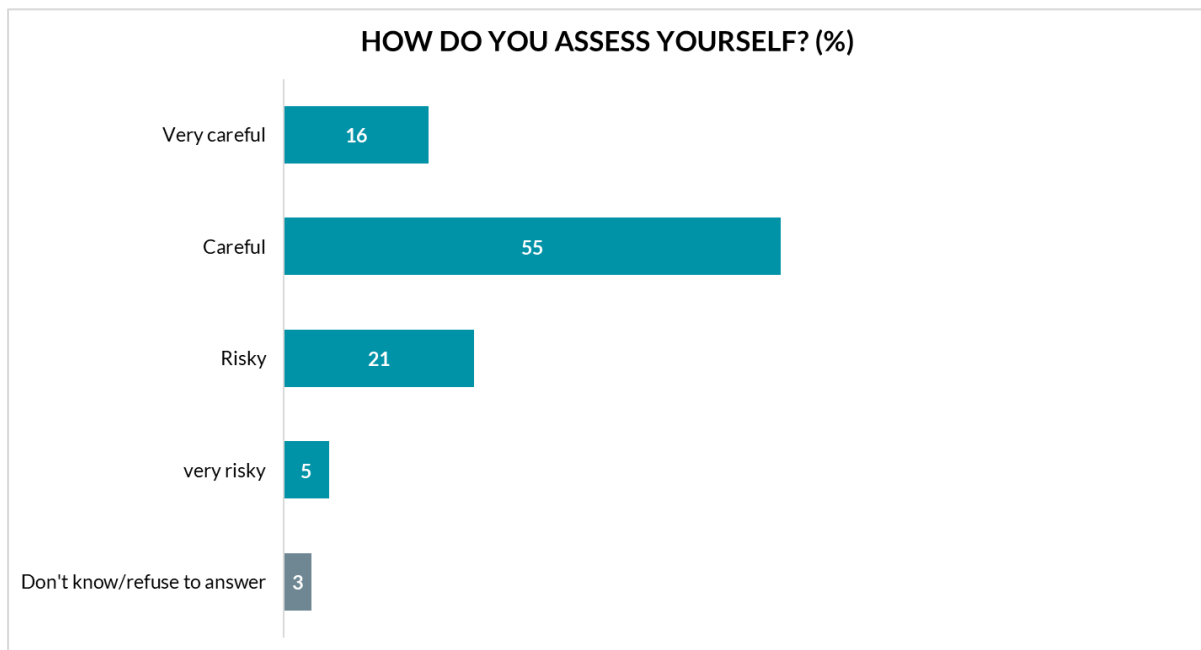


<sup>6</sup> Yeo, K. H. K., Lim, W. M., & Yii, K.-J. (2023). Financial planning behaviour: A systematic literature review and new theory development. *Journal of Financial Services Marketing*, 29(979–1001). <https://doi.org/10.1057/s41264-023-00249-1>

## Financial risk-taking

Self-assessed risk-taking is a measure of the degree to which a person perceives themselves to be cautious or a risk-taker. It is likely that there is a relationship between risk taking and the decision to take out a loan<sup>7</sup>. Based on self-reported risk taking, 5% of people assess themselves as very risky, 21% as risky, 55% as careful, 16% as very careful and, 3% did not answer the question or said they did not know the answer.

Figure 10 - Financial risk-taking



Controlling for other demographic variables, individuals who self-described as very risky or risky are 5% point more likely to have a mortgage, than those who describe themselves as very careful or careful. Similarly, individuals who self-described as very risky or risky are 6% point more likely to have other types of loan, compared to those who describe themselves as very careful or careful.

## Attitudes and experience related to gambling

Participating in gambling is associated with financial hardship that can lead to taking out loans<sup>8</sup>. Respondents were also asked about whether they had experiences with video gaming for money, including online and offline betting and casinos, in the last 12 months. An absolute majority (92%) of the respondents mentioned that they have never played games for money.

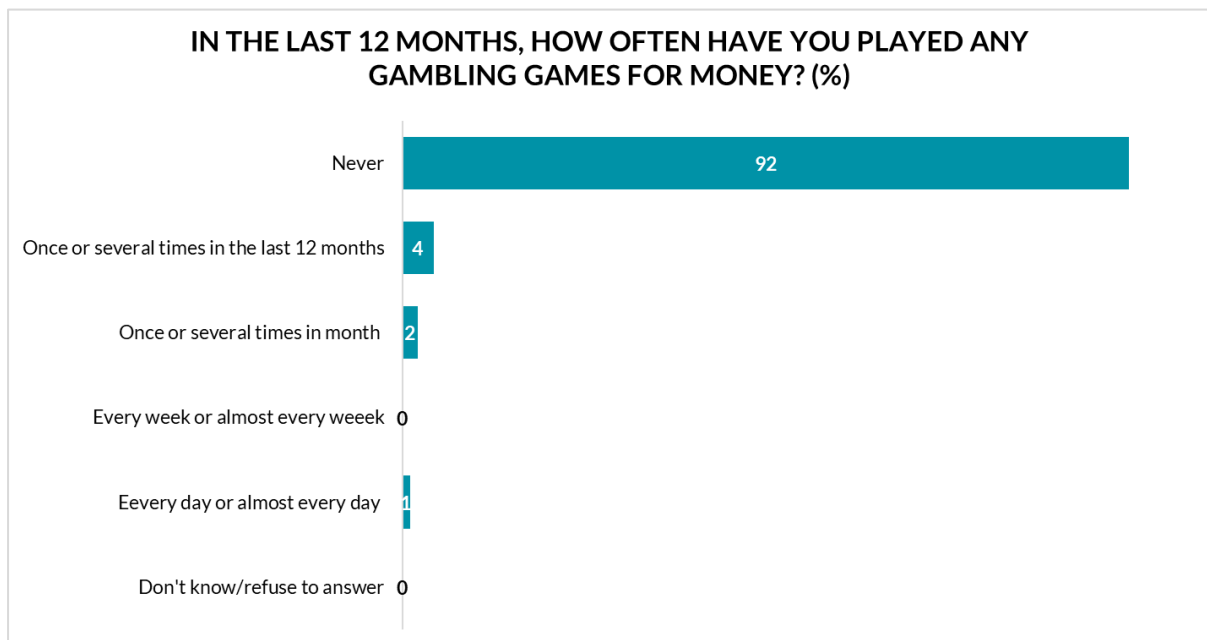
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<sup>7</sup> Phung, T. M. T., Tran, Q. N., Nguyen, N. H., & Nguyen, T. H. (2021). Financial decision-making power and risk taking. *Economics Letters*, 206, 109999. <https://doi.org/10.1016/j.econlet.2021.109999>

<sup>8</sup> Lind, K., Castrén, S., Hagfors, H., & Salonen, A. H. (2022). Harm as reported by affected others: A population-based cross-sectional Finnish Gambling 2019 study. *Addictive Behaviors*, 129, 107263. <https://doi.org/10.1016/j.addbeh.2022.107263>



Figure 11 - Experience related to gambling (%)



Attitudes towards gambling were assessed on the basis of three questions (1. “Gambling is an easy way to make money”, 2. “You will win more than you lose when you gamble”, 3. “Gambling is more about having fun than about making money”), which were combined as an index of attitudes towards gambling. The index was constructed so that 100 points means the respondent's fully positive attitudes and acceptance of gambling as a way to earn money, and 0 means the opposite - fully negative attitudes and rejection of gambling as a way to earn money. The mean of the index was 47 and the median was 40.

Self-reported gambling experience is not statistically significantly related to having a mortgage, but it is related to the other types of loans. Specifically, people who have gambled (at least once in their life) are 11 percentage points more likely to have other types of loans compared to people who have never gambled.

Controlling for other factors, attitudes toward gambling as a way to earn money is not statistically significantly related to having a mortgage as well as other types of loans.

### Impact of information framing of the loan agreement terms on loan decision-making

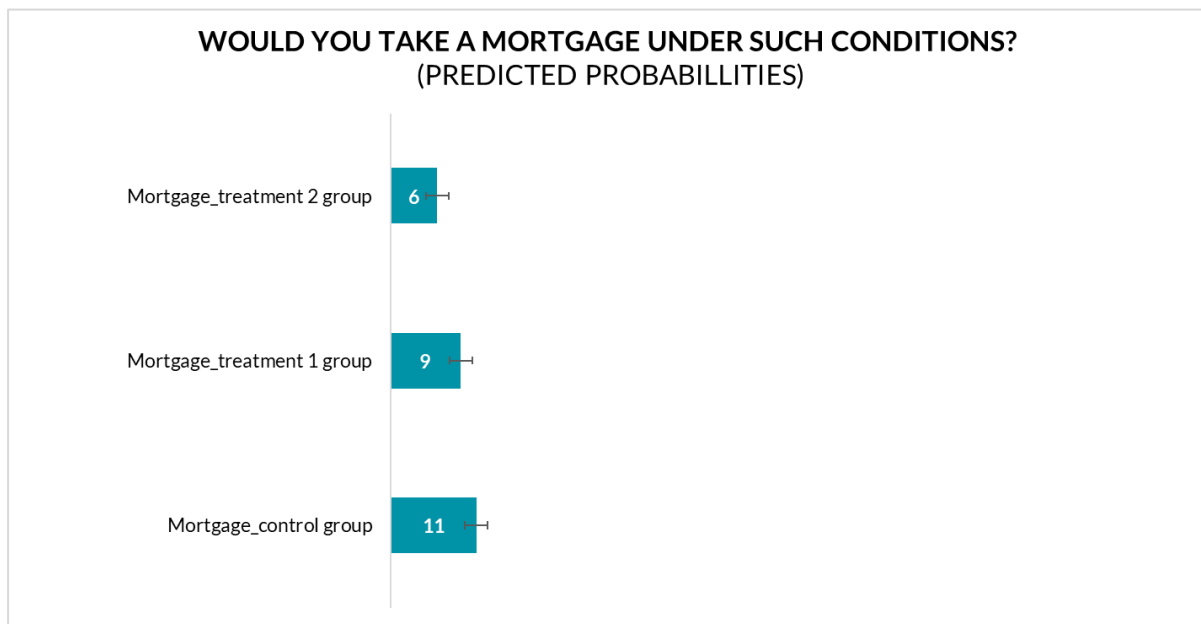
In order to determine the influence of the loan offer's information framing, or conditions, on one's decision to take out a loan, respondents were presented with scenarios related to consumer and mortgage loans. For each type of loan, respondents were randomly assigned to one of three possible scenarios. Each respondent answered two scenarios (one scenario randomly selected for mortgage and another for consumer loan). For both types of loans, in the first scenario (control), the respondent was provided with information only about the amount of the loan, its duration, and the monthly payment; in the second scenario (treatment 1), additional information was provided about the total amount of money to be paid at the end of the loan term; and in the third scenario (treatment 2), information was added about the expected sanctions in the case of nonpayment of the loan.

	Scenarios for Mortgage	Scenarios for other types of loan
Control	Imagine you need to take out a loan for 75,000 GEL for the purchase of an apartment. The bank offers a 10-year mortgage, in which case you will have to pay 1200 GEL every month.	Imagine you need to take out a loan for 25,000 GEL. The bank offers a 4-year consumer loan, in which case you will have to pay 700 GEL every month.
Treatment 1	Imagine you need to take out a loan for 75,000 GEL for the purchase of an apartment. The bank offers a 10-year mortgage, in which case you will have to pay 1200 GEL every month.  At the end of the loan, the total amount paid by you will be 144,000 GEL.	Imagine you need to take out a loan for 25,000 GEL. The bank offers a 4-year consumer loan, in which case you will have to pay 700 GEL every month.  At the end of the loan, the total amount paid by you will be 36,000 GEL.
Treatment 2	Imagine you need to take out a loan for 75,000 GEL for the purchase of an apartment. The bank offers a 10-year mortgage, in which case you will have to pay 1200 GEL every month.  At the end of the loan, the total amount paid by you will be 144,000 GEL.  In case of non-payment, the bank will restrict your access to bank accounts, they may restrict your ability to dispose of property and it may be sold.	Imagine you need to take out a loan for 25,000 GEL. The bank offers a 4-year consumer loan, in which case you will have to pay 700 GEL every month.  At the end of the loan, the total amount paid by you will be 36,000 GEL.  In case of non-payment, the bank will restrict your access to bank accounts and may restrict your ability to dispose of property.

The experimental intervention does not have a statistically significant effect on one's decision to take out a consumer loan. In other words, people's decision to take out a consumer loan does not change significantly whether we provide information about the total amount of money to be paid at the end of the loan term or the sanctions expected in case of non-payment of the loan.

As for mortgages, the experimental intervention has a statistically significant effect on the decision to take out a loan. Controlling for other demographic variables, the first experimental intervention did not change the decision to take out a loan relative to the control condition. In other words, the decision to take out a mortgage does not change significantly whether or not we provide the person with the information about the total amount to be paid at the end of the loan term. Interestingly, the second experimental intervention is statistically significantly associated with the decision to take out a loan. In particular, when we provide people with information about the expected sanctions in case of non-payment of a mortgage loan, the probability of taking out a loan decreases by 5% compared to the control condition.

Figure 12 - Survey experiment results for the mortgage (%)



## Factors that influence the gambling experience

In this study, gambling experience is considered a predicting factor for taking out a loan, although one of the purposes of the study is to evaluate the factors that influence gambling itself. Gambling is a game or other activity in which an individual risks money or another object of value in exchange for a profit. Winning depends on probability and is difficult, or impossible, to predict or control by the player. If the frequency of participation in gambling gradually increases, and at the same time, despite significant social, financial, and psychological complications, the individual cannot stop participating in this activity, it can be considered a gambling addiction<sup>9</sup>. As mentioned in the previous subsection, only 1% of the population reports that they gamble every day or almost every day. Overall, 7% of the population have gambled at least once in the past 12 months.

Involvement in gambling is related to socio-economic factors, particularly education, employment and income levels, as well as cultural values and attitudes<sup>10</sup> and psychological characteristics such as risk taking<sup>11</sup>.

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<sup>9</sup> Substance Abuse and Mental Health Services Administration. (2016). *Impact of the DSM-IV to DSM-5 changes on the National Survey on Drug Use and Health* [Internet]. Substance Abuse and Mental Health Services Administration (US). Table 3.38, DSM-IV to DSM-5 Gambling Disorder Comparison. <https://www.ncbi.nlm.nih.gov/books/NBK519704/table/ch3.t39>

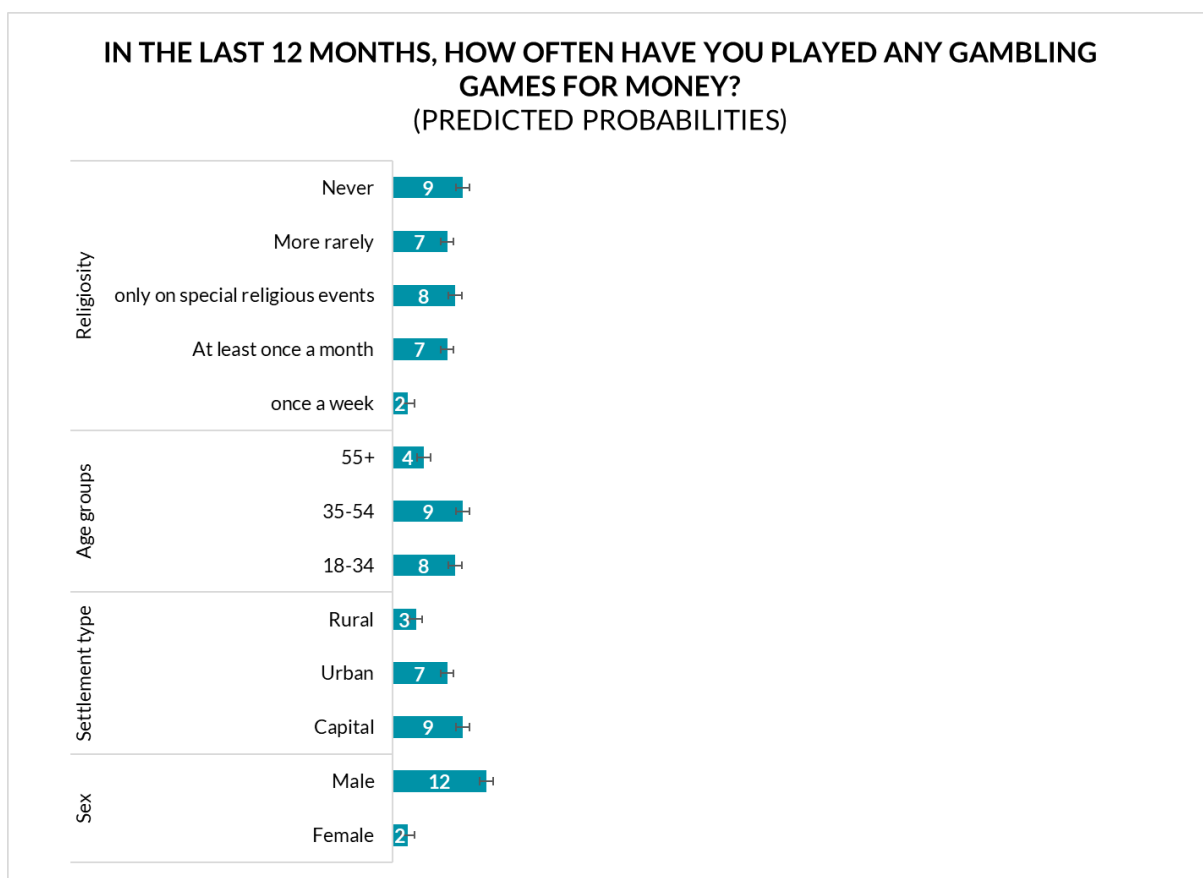
<sup>10</sup> Victorian Responsible Gambling Foundation. (2015). *Risk factors for problem gambling: Environmental, geographic, social, cultural, demographic, socio-economic, family and household* [Cover image]. Victorian Responsible Gambling Foundation. <https://responsiblegambling.vic.gov.au>

<sup>11</sup> Mishra, S., Lalumière, M. L., & Williams, R. J. (2010). Gambling as a form of risk-taking: Individual differences in personality, risk-accepting attitudes, and behavioral preferences for risk. *Personality and Individual Differences*, 49(6), 616–621. <https://doi.org/10.1016/j.paid.2010.06.004>

This study assesses the relationship between gambling experience and demographic variables, as well as perceptions of paternalism, the state’s role in market regulation, basic accounting skills, financial planning, and self-assessed financial risk-taking.

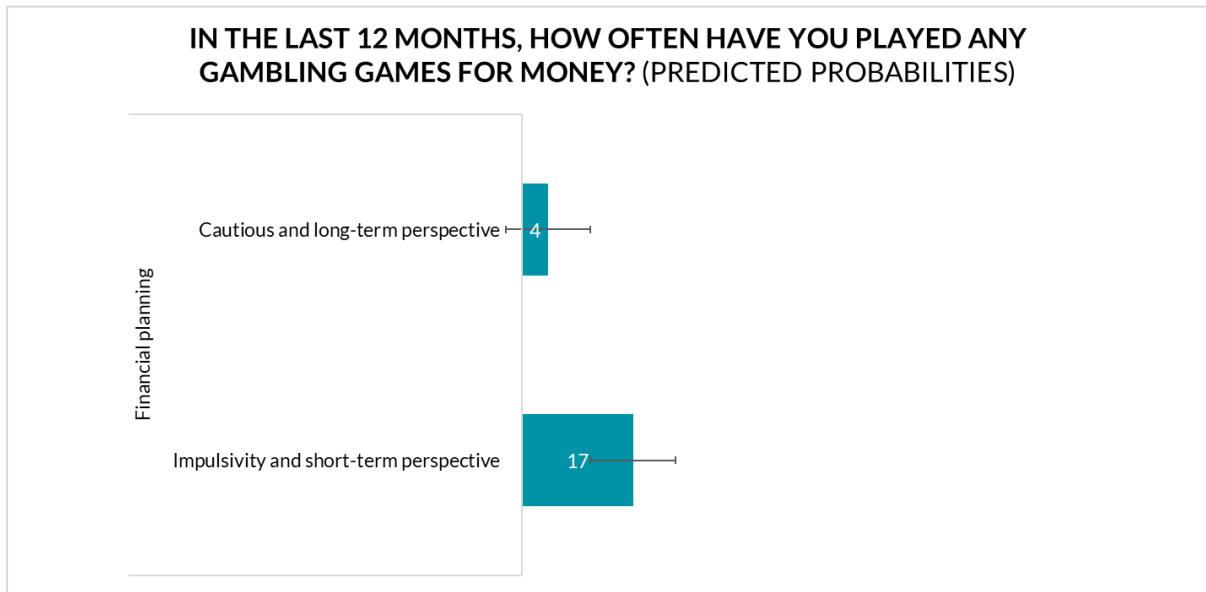
Within the demographic model, gender, age, settlement type and religiosity (measured by frequency of participation in religious rituals) are statistically significantly associated with gambling experience. When the data is broken down by social and demographic groups, it shows that men are 10 percentage points more likely to have gambling experience than women. People aged 18-54 are also more likely to gamble than those over 55. Residents of Tbilisi and other urban areas are also more likely to have gambled than people living in rural areas. Interestingly, people who are more religious in terms of frequency of attending religious rituals are less likely to be involved in gambling.

Figure 13 - Social - economic factors and gambling experience



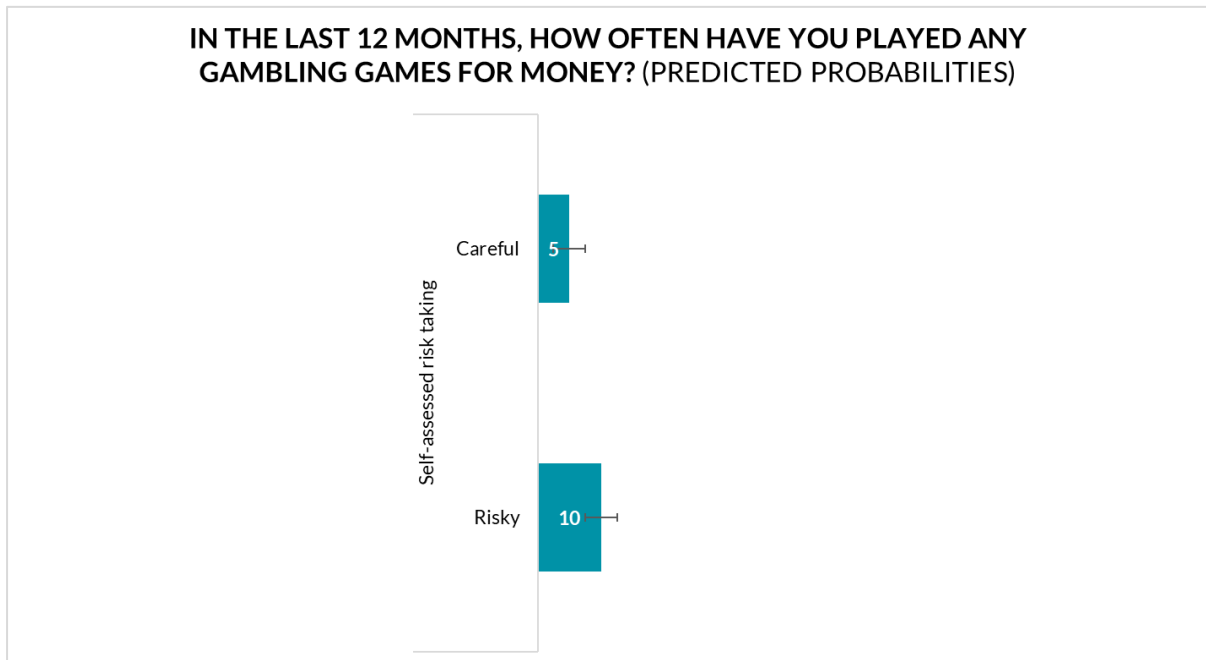
Controlling for other demographic variables, amount and source of income, paternalism, attitudes toward the role of the state in market regulation, and basic accounting skills are not statistically significantly related to gambling experience. Although, controlling for other factors, financial planning is associated with gambling experience, particularly, people who are highly impulsive and are short-term planners are 13-percentage points more likely to be involved in gambling than cautious people who are more oriented towards long-term planning.

Figure 14 - Financial planning skills and gambling experience



As for attitudes toward gambling, data showed that it is not statistically significantly related to gambling experience. Although, as expected, Individuals who self-described as extremely risky or risky are 5% point more likely to have gambling experience, than individuals who describe themselves as extremely cautious or cautious.

Figure 15 - Financial risk-taking and gambling experience



## CONCLUSIONS

This section of the report provides an overview of these findings as related to factors that influence decisions to take out a loan, along with gambling experience.

A plurality of the population holds loans up to 5,000 GEL (41%), while 7% have loans exceeding 50,000 GEL. Consumer loans are most common (43%), followed by installment loans (payments with interest) (33%), loans from relatives/friends (26%), and pawnbroker debts (19%). The main reasons for taking out loans are household expenses (20%), health issues (20%), and debt payments (18%), with travel loans being least common (2%). Eighteen percent of respondents used real estate as collateral for loans, with nearly half of them not owning additional real estate. Regarding the burden of loans, 71% of respondents reported never being late with payments, and 68% pay up to 501 GEL monthly. After monthly expenses, 39% have enough for food but not clothes, 31% for both food and clothes but not expensive items, and 17% struggle to afford food.

When the data was broken down by demographic categories, sex, age, employment, and education were associated with loan type. Males and those aged 35-54 were more likely to have mortgages. Employed individuals and those with higher levels of education were also more likely to have mortgages. Income levels were significantly associated with having a mortgage, with higher incomes increasing the likelihood of having a one. However, one's source of income was not associated with mortgage ownership. With regard to other types of credit, settlement type, age, employment, and education showed significant associations. Rural dwellers, employed people and younger age groups were more likely to have other types of credit. It is worth noting that a low level of education is associated with taking other types of loans, while a mortgage loan is associated with a high level of education. In relation to other types of loans, the amount of income is also a significant predictor, in particular, high income is associated with the probability of taking other types of loans.

The impact of respondents' perceptions on paternalism and the role of the state in market regulation on loan decisions was examined. Most respondents (70%) believe the government should care for them like a parent. While paternalism did not affect other loan types, attitudes toward the role of state in market regulation did. Those favoring government control of business were more likely to have other types of loans.

Basic accounting skills were expected to influence loan decisions, but it was not statistically significantly related to mortgage or other types of loan. Financial planning, reflecting long-term budgeting attitudes, showed no significant link to having a mortgage but inversely influenced the likelihood of having other types of loans.

Self-assessed financial risk-taking revealed to affect the likelihood of having both mortgages and other types of loans. Meanwhile, gambling experience, often linked to financial struggles, was associated with only other types of loans, with gamblers more likely to have them.

Respondents were presented with scenarios for both consumer and mortgage loans, each with different levels of information: basic loan details, total amount to be paid at the end of the loan term, and expected sanctions for non-payment. While the treatments did not significantly affect the decision to take out a consumer loan, it did have an impact on mortgage decisions. Providing

information about expected sanctions reduced the likelihood of taking out a mortgage by 5% compared to basic loan details alone.

This study also explores the relationship between gambling experience and various demographic and psychological factors. Gambling, characterized by risking money for potential profit, can lead to addiction when participation persists despite significant negative consequences. Only 1% of the population reports daily gambling, while 6% have gambled in the past year. Demographic factors like sex, age, settlement type, and religiosity significantly affect gambling experience. Men and younger individuals are more likely to gamble, along with urban residents. Interestingly, higher religiosity is associated with lower gambling involvement. Financial planning plays a role, with impulsive individuals more likely to gamble. Attitudes toward gambling are not significantly linked to gambling experience, but risk-taking tendencies are. Those self-assessed as risky are more likely to gamble.

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