

## **Which Households Will Be Credit-Constrained?**

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The 2001 Survey of Consumer Finances was used to identify the characteristics of credit-constrained households and examine determinants of being rejected for credit. The study developed a credit rationing model that included behavioral factors and demographic and economic factors. The results of logisitic regression showed that households headed by an individual who was younger, not married, non-White, in poorer health, with more children, with less current disposable wealth, and renters were more likely to be credit constrained. Moreover, households headed by an individual who made late payments, spent more than income, and those with a short planning horizon for saving and spending were more likely to be constrained. Contributions of the study were the inclusion of disappointed borrowers and the use of current disposable wealth as an independent variable to measure the effect of income and liquid assets.

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### Endnotes

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