



MARGINALISATION & EXCLUSION NETWORK MEETING ON OVER-INDEBTEDNESS

Report 28-29th November meeting

20 December 2014

Day 1

Welcome Carla van Vlist, Kerk in Actie (KIA) and Clotilde Clark-Foulquier (Eurodiaconia)
 Devotion by Meta Floor, KIA

The European context

- Overview of Eurodiaconia, how it works and its work on debt
- Financial inclusion and over indebtedness: what is happening in the EU? What is new?

-Update on the delay in the publication of the EC report: DG Sanco keeps delaying the publication, we don't know why. It seems to be link to internal "policies" and changes of staff within the DG. No idea when it will be finished, last feedback received promised a publication before the end of the year.

-Other existing tools such as

- political tools (AGS 2014, Social Investment Package) and
- legislative tools (Directive Credit agreements relating to residential property Directive bank account).

- Discussion between members on the state of play in their countries

	Profile	Some of the key problems	Recommendations	Comments
Netherlands	Increase of the problem, esp. due to unemployment. 800 000 people in debt, only 80 000 can get support	Debt trading	Prevention Education in primary schools and for adults	Difference between regions
Hungary		Overhead costs areas increasing Energy costs Mortgage in foreign currency		Please see background document and presentation
Germany		Rent, energy costs, access to a bank account		New law protects 1200 EUR from creditors
Sweden	Young and old people Migrants	Health (older people) Long term loans		Law to protect people in debt from creditors,

Page 1 of 4



		Spending		according to living costs
Iceland	10% population in serious debt	Unemployment		
Denmark	More young people in debt More elderly people in debt	Debt trading		Average loan amongst young people is decreasing but increasing amongst vulnerable people
Serbia		Loan in black market: up to 50% interest		
Czech Republic		Too much regulation might lead to more informal loans		
UK		Pay day loans Debt trading		
Spain		Unemployment Decrease in wage (20% over 5 years)		

Summary –main issues to tackle, from a national perspective

1. Pay day loans
2. Credit reconstruction (should be made more easily accessible, not conditional to being in employment; the State should take responsibility.)
3. Interest rate (a limit on the maximum rate should be fixed)
4. Creditor's identity (There should be a requirement for the creditor to come forward/ identify himself early in the process)
5. Consumer protection law (There should always be a "blanket" protection)
6. Personal insolvency regimes
7. Credit regulation
8. Debt penalties (Problem of the increasing costs incurred by penalties when debt is not paid)
9. Regulation of SMS loans (Iceland, Denmark, Sweden – too easily accessible, too expensive)

- Discussion between members on the services they provide

1. Prevention

- Financial education for churches
- Online support for young people/ website "get out of debt now"
- Primary prevention in schools (curriculum on financial literacy)
- Secondary prevention with clients: support in making a budget and paying the creditors
- Debt counselling
- Brochure on major life changes
- Help people access benefits they are entitled to
- Family help kit
- Help desk in churches
- Counselling married couple to avoid divorce

Conclusion: prevention based on trust, promoting behavioural change



2. Advocacy

Church role: e.g. KIA report on poverty (political tool)/research at national level
Advocacy at local level
Pressure politician to define a poverty limit
Advocating for a minimum income and a limit on what creditors can take from individuals
Raising awareness (press)
Report by the European Christian Political Movement

Conclusion: Sometimes no recognition of the problem by public or public authorities: there is a need for advocacy. Sometimes advocacy is neglected, we could do more.

3. Social innovation/ new diaconal ways to overcome the cause

Online self test on financial behaviour
E-learning program to train social care workers to deal with people in debt
Cooperation with debt collectors to educate people in debt on how to behave
Debt aid buddy (volunteers, time, trust)
Free legal aid by volunteers with a legal and social work background
Buddy that accompany people to meetings re. their debt
Google advertisement to target people by postcode

4. "Debt support" (dealing with debt agencies, negotiations)

"Together we can do it" – KIA:
- support in accompanying people in debt,
- repayment schedule negotiating
YMCA Social Work Denmark
Volunteers (provide also space for emotional support)
Motivation

5. Humanitarian/ Curative

Food banks
Emotional support (suicide prevention)
Clothes bank

Conclusion: Moving forward, we could explore potential for:

- partnership with other ecumenical organisation
- work with volunteers
- political action/ advocacy
- Best practice example – focus on the work of the Hungarian Inter Church aid (see power point presentation)
- Best practice example – study visit to Kerk in Actie Debt aid buddy project (see power point presentations)

Day 2

- **Best practice example - YMCA Social Work Denmark** (presentation will be made available soon)
- Examples of challenges: now volunteers do not like to commit to one organisation or regularity, how to target young people, etc
- Solution for an intergrated approach : 'one door approach'
- There is no public debt counselling – private is 100 euros a session. This is where YMCA can offer support.
- Evolution of the organisation: Going more toward rural areas, young adults
- Need for professional counselling as well (legal, bank)



- YMCA is supported by companies (CSRs) and local authority (new grant 2012-2016)
- **Group work: what method for an integrated approach?** Some ideas;
 - A mix of professional and volunteers but professional are needed for an integrated approach
 - Education of volunteers
 - Increase potential for employment of 'users' through coaching, training
 - Address the background issues (e.g. family care, psychiatric support, etc)
 - Case by case/tailor made approach
 - Being an NGO is positive as people see NGO as impartial and here to help, but the negative side is that decision taken with an NGO are non-binding.
 - Location: churches are present everywhere, close to people

Conclusion: volunteers and advocacy are identified as new opportunities to explore

- **Discussion with C. De Jong MEP**

Presentation on the difficulty to steer at EU level actions for poverty reduction. Emphasize on the importance of a Human Right approach (Council of Europe).

The problem is that tighter control at EU level on what happens at national level makes all processes more bureaucratic.

Proposition to recognise the work of KIA in a European Parliament document. How can we go forward on this? Could maybe the EPCM study on the value of faith based debt counselling services be presented to de Jong and asking him to take that forward, to show case it?

- **Members feedback European Commission report executive summary**

Missing causes:

- Education of adults and children
- Generational transmission of debt (e.g. Sweden, Denmark and Germany a family was able to take a debt in the name of a child. The law has changed in Sweden but some children still carry the debt taken on them before)
- Statistics from 2011 are already outdated
- Measures to alleviate debt mentioned are too technocratic. There is also a behavioral perspective, not only technical. There is a specific role that churches can play to support a lifestyle change.
- The report should bring in a "long term" vision as a long term perspective is in the whole society interest, even the creditors one.
- Should be a stronger accent on a mind set change and participation of society, added value of solidarity.

- **Members feedback policy paper** (see updated policy paper in track changes)

- **Conclusion and evaluation**

Some of the feedback received were that some Eurodiaconia members will

- Start... cooperation with other stakeholders, working more with volunteers, strengthen the pastoral care approach, work with churches.
- Continue... integrated approach
- Improve... financial education for adult and children
- Stop... expert base counselling only

Members also responded to the evaluation form and feedback where all very positive.