Provision of actions to extend the availability and improve the quality of debt-advice services for European households

Final report

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List of abbreviations

Abbreviation	Definition
EC	European Commission
ECDN	European Consumer Debt Network - European Civil Society Organisation
EISMEA	European Innovation Council and SMEs Executive Agency
EU	European Union
EU SILC	European Union Statistics on Income and Living Conditions
GDPR	General Data Protection Regulation
HFCS	Household Finance and Consumption Survey
MS	Member State
NGO	Non-governmental organisation

Executive summary

This document summarises the main results of the three tasks forming the Project for the "*Provision of actions to extend the availability and improve the quality of debt-advice services for European households*" (Specific Contract No. 20198601). This project was commissioned by European Commission's European Innovation Council and SMEs Executive Agency, carried out by VVA and CEPS, supported by national experts and signed on 5 May 2020.

The project's overarching objective was to facilitate the availability and improve the quality of debt-advice services for European households by way of estimating the costs of debt-advice in relation to the demand and consequently assessing the funding needs, identifying the existing good practices in EU Member States, creating a platform for exchange of ideas, bring forth recommendations on further measures, enhance the training of those providing debt-advisory services and through this indirectly enhance the education of consumers. The objectives of this project are aligned with Regulation (EU) No 254/2014[1] that established a multiannual consumer programme for the period 2014-2020, more specifically actions 4, 5 and 7 of its Objective II.

The project was composed of the following tasks:

- Task 1: A quantitative analysis of the resources needed by debt-advisors, also including a cost-benefit analysis of the impact of debt-advice on over-indebted households
- Task 2: Two targeted events aimed at fostering good practice exchange between debt-advice practitioners
- Task 3: Organisation of the training events in six Member States, where debt-advice is not adequately provided

Task 1: Quantitative analysis of resources needed by debt-advisors

The specific objectives of the **Task 1** of the study included an evaluation of the effectiveness of EU debt-advisory services, the estimation of the costs of these services and of their funding needs and the provisions of some recommendations to improve the coverage of the demands.

Quantitative findings from Task 1 show that the availability and level of development of debt advice varies widely across the EU27 and the UK. There are about 15 countries[2] that offer debt advice in a more developed manner, while in the other 13 countries[3] debt advice is only provided sporadically or it is non-existent. There are also large differences in the services provided. In the countries in which debt advice is most developed, debt advisors offer legal counselling, financial advice and social assistance. However, in many countries, debt advisors do not deliver social assistance or financial advice.

There are about 18 million households in the EU27 and UK (representing about 8% of the total households) that are over-indebted in the sense that they are unable to pay their bills on time or to make ends meet due to insufficient financial resources. There are in total about 1.6 million households that receive debt advice. This means that over 90% of the over-indebted households or about 16 million households in the EU27 and

[1] Regulation (EU) No 254/2014 of the European Parliament and of the Council of 26 February 2014 established a multiannual consumer programme for the period 2014-20. Available at: https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:084:0042:0056:EN:PDF

[2] Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Poland, Portugal, Sweden, and United Kingdom.

[3] Bulgaria, Cyprus, Croatia, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Romania, Slovenia, Slovakia, and Spain.

UK currently do not receive debt advice, even though the benefits of debt advice are estimated to be much larger than the costs. The benefits of debt advice, together with the basic help to overindebted households, include the ability of debtors to find a new or keep their job, or the improvement of their psychological and physical health and wellbeing. According to a study by Europe Economics (2016), these benefits filter through from the individual to overall society through e.g. the mitigation of expenditures including those related to healthcare and increased credit repayment. It is estimated that a universally available and freely accessible system of debt advice in every country would create between EUR 1.4 - 5.3 for every EUR spent.

In an ideal scenario, it would require approximately an additional EUR 1 billion to provide standard professional debt advice to all over-indebted households in the EU27. However, in practice the situation may be different. While COVID-19 might increase the number of households that require debt advice, numerous other reasons suggest that the additional funds needed to trigger a better general delivery of debt-advice in Europe should be estimated based on a different and more complex perspective. First, not all over-indebted households are likely to make use of debt advice. Even among the most successful cases covered in this study, there were still about 20 to 30% of over-indebted households that did not make use of debt advice. Second, in most countries, debt advice is currently provided to households that face the biggest challenges with over-indebtedness and these require most resources. If debt advice were expanded to all over-indebted households, the costs per household would likely decrease.- Although, logically, the total costs would increase as a result of a larger number of users. Third, costs could be better managed through the implementation of some of the recommended good practices identified in this report. Finally, should the system be successful, the share of new households experiencing over-indebtedness would likely be reduced over time, with long-term over-indebtedness decreasing as well.

As a result, the analysis has taken into consideration different scenarios, as described in chapter 6.

Task 2: Exchange of best practices seminars

The objective of Task 2 was to organise two seminars focused on the exchange of best good practices among debt-advisory stakeholders including advisors, NGOs, associations, consumer organisations and policymakers. The first seminar took place in January 2021 and the second seminar occurred in September 2021.

The seminars covered six types of good practices each, including good practices about the following topics:

- **Identifying households in need of debt advice.** For most households it is a taboo to admit that they have financial difficulties and need help. This is one of the main reasons why most households in need ask for debt advice too late, when their problems are very hard to solve. Earlier detection of financially vulnerable households and pro-actively approaching them for debt advice can overcome this challenge. There are various good practices that aim to detect financially vulnerable households, through a risk-assessment based on their characteristics, payment records or actual arrears on important commitments (e.g. utility bills),
- **Providing debt advice**. Over-indebtedness is much more than just a financial problem. To help the victims to solve it, a multiple approach is needed, including at least legal expertise, a professional knowledge of the financial services and a valuable psychological approach. As the problem is complex ,this implies that there is only limited room for standardisation and debt advisors need to cover a broad range of competences, including, as mentioned above, financial, legal and

social. The good practices in this domain contribute to high-quality and effective debt advice. Examples of the capacities needed for debt-advisors are the professional delivery of financial literacy, an ethics code to be followed, and the capacity to design and implement effective plans and programmes of debt advice interventions.

- **Agreeing the settlement with creditors in an amicable manner**. It is in most countries critical to create an amicable climate for resolving excessive debt. This requires in general to obtain an understanding of the total financial obligations, a certain financial capacity of the debtor and the possibility that debtors and creditors are able to find agreements. Debt advisors in various countries have an extensive experience in finding such agreements.
- **Innovation for debt advice.** It is essential to address both the existing and the new challenges, reflecting the development of the matter and the new acquisitions in this area. The good practices in this domain need to address various important challenges, such as, for example: i) the psychological aspects of over-indebtedness,; ii) the need to come to an arrangement between debtors and creditors more quickly; or iii) the new forms of over-indebtedness that the digitalisation of finance has generated.
- A good **organisation of debt advice.** It is essential to have an efficient organisation of the work, given the limited funds and resources available in nearly all Member States**.** Most debt advice is funded at public level, but there are also certain alternative sources, such as those coming from the NGOs and consumer organisations or from the financial institutions themselves. An example of how to use the funds effectively is to offer part of the debt advice by phone in a standardised manner, as done by some debt advisors, with the aim to reserve the more expensive in-person debt advice only for the more complex cases.
- **Infrastructure for providing debt advice.** It is essential for the delivery of high-quality independent debt advice that there are efficient infrastructures at a large scale. Such infrastructures may effectively facilitate the complex work needed, for instance, for the i) establishment of cost-effective professional debt advice organisations, ii) the promotion of collective agreements on covenants with creditors, and iii) the support for the work of certain independent institutes aimed at determining the minimum living wage.

In conclusion, these seminars showcased, to more than 500 debt advisors, policymakers and other stakeholders concerned with household over-indebtedness, concrete, proven and replicable examples that will further the development of debt advisors and debt-advice services.

Task 3: Training and capacity-building activities

The objective of Task 3 was to implement a series of capacity building events focused on educating and informing debt-advisory service practitioners (Train-the-trainers) about adaptable best practices, new approaches and techniques for participants from six selected Member States (Greece, Hungary, Italy, Poland, Romania and Spain).

The first set of training took place between 19 and 30 April 2021 with 145 participants taking part. During the first set of training, participants from the six selected countries were introduced to:

- **Four best practice examples** (examples from Denmark, France, Germany, and Ireland) in the area of debt advice provision models.
- **Ethical principles** to be followed in debt advice including the qualities that ethical debt-advisor should possess such as independence, confidentiality, accessibility, credibility and effectiveness.
- **Role of debt advisors and target groups**. The training focused on the three different levels of debt advice including the provision of basic information and

advice (general clarification of the client's legal position, so that the client is counselled for aid to self-help), self-help with support (counselling and actual casework, clarifying the facts and conditions of the client's debt) and holistic advice / counselling (full and systemic counselling and casework of the client's economic situation).
- **Financial education for debt advisors**. The training focused on the three different phases of debt-advisors financial assistance including primary prevention (comprehensive, multifaceted approach activities preventing the emergence of the phenomenon of insolvency), secondary prevention (halt of the deteriorating financial situation and alleviation of the causes of liquidation or insolvency), and financial revitalization activities (therapeutic activities applied to households that are already insolvent).
- **Financial Literacy and Emotional Support**. This session presented three examples of financial education initiatives in the other EU Member States (one example from France and two examples from Austria).

The second set of training took place between 15 and 30 June 2021 with 120 participants. The training followed more practical approach and aimed to provide debt advisors practical examples on the provision of the debt-advice services. During the second set of training, participants from the six selected countries were introduced to:

- **Examples of the ethical principles in practice**. The participants got to reflect and start a conversation on how the code of ethics should look like or if they already have one in their organisation and whether any additional aspects should be added in the code.
- **Financial education in practice** consisting of the analysis of the financial education as an element of consumer protection and introduction of practical tools for Financial Advisors.
- **Emotional support and mental wellbeing**. The session on emotional support and mental wellbeing started with the analysis of what can trigger/cause a reaction when advising clients later continuing with the introduction and discussion on practical tools and strategies on how to deal with the clients that need emotional support.

In short, the two-part training gathered over 100 participants from the six selected countries and helped to educate and inform debt-advisory service practitioners (Train-the Trainers) about adaptable best practices, new approaches and techniques in the area of debt-advice in six Member States where debt-advice is sporadically provided or completely lacking and have a reduced number of debt-advisors.

Conclusions and recommendations

Based on the quantitative findings from Task 1, it is evident that additional funding for debt-advice systems is needed to improve the quality of the availability of debt-advice services in the EU. This is particularly evident for the countries where the provision of debt advice is sporadic or not available at all. Besides scaling up funding, it is also essential to create the necessary infrastructure with debt advice organisations and debt advisors to deliver the service. Within the context of this project two important activities were conducted to contribute to this, including two seminars to exchange good practices (Task 2) and Train-the-Trainers seminars for debt advisors (Task 3). The exchange of good practices contributed to mutual learning among debt advisors and policy makers on specific debt-advice knowledge and tools. The seminars gave participants the possibility to exchange ideas, proposals, and results of past, current and future initiatives of common interest for debt advisors. The Train-the-Trainers seminars contributed to capacity building in six countries (Greece, Hungary, Italy, Poland, Romania and Spain) where debt advice is currently less developed. Findings from the project showcase a further need for training and initiatives to improve the quality of the European debt-advisors, including through a combination of online and in-person seminars and trainings for debt advisors.

1 Introduction

This report is the Final Report delivered under contract no. 20198601 for the study "*Provision of actions to extend the availability and improve the quality of debt-advice services for European households*". This study was commissioned by the European Innovation Council and SMEs Executive Agency (EISMEA)[4] and carried out by VVA and CEPS and supported by national experts and signed on 5 May 2020.

The project's overarching objective is to provide services aimed at extending the availability and improving the quality of debt-advice services for European households by way of identifying currently existing good practices in EU Member States, creating a platform for exchange of ideas, bring forth recommendations on further measures and enhance the training of those providing debt-advisory service and through this indirectly enhance the education of consumers. The objectives of this project are aligned with Regulation (EU) No 254/2014[5] that established a multiannual consumer programme for the period 2014-2020, more specifically actions 4, 5 and 7 of its Objective II.

The project was composed of the following tasks:

- Task 1: A quantitative analysis of the resources needed by debt-advisors, also including a cost-benefit analysis of the impact of debt-advice on over-indebted households
- Task 2: Two targeted events aimed at fostering good practice exchange between debt-advice practitioners
- Task 3: Organisation of the training events in six Member States, where debt-advice is not adequately provided

Specific objectives of the Task 1 study included gathering of information on the scope and effectiveness of debt-advisory services, including an analysis of the ability of debt services to meet demands and deliver benefits. Moreover, the project looked at the estimated costs of the services and made recommendations on improving the use of resources to provide better coverage for demands.

In the context of COVID-19, seminars (Task 2) and trainings (Task 3) were organised online to ensure participation from across EU Member States to provide capacity development to debt advisors and to disseminate information drawn from good practices.

Based upon the quantitative findings of Task 1 (Quantitative analysis of resources needed by debt-advisors), Task 2 (best practice events) and Task 3 (trainings), the study team draw the key conclusions from the project and provided the recommendations on the actions to be taken to further improve the quality of debt advice in the EU.

The document is structured as follows:

- Chapter 1: Introduction
- Chapter 2: Methodology
- Chapter 3: Debt advice systems and services in the EU
- Chapter 4: Costs and benefits of providing debt advice

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[4] As of 1 April 2021, the European Commission Consumers, Health, Agriculture and Food Executive Agency's consumer programme was reassigned to the newly established European Innovation Council and SMEs Executive Agency (EISMEA). Therefore, throughout this document we refer to the newly formed Agency as the contracting party.

[5] Regulation (EU) No 254/2014 of the European Parliament and of the Council of 26 February 2014 established a multiannual consumer programme for the period 2014-20. Available at: https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:084:0042:0056:EN:PDF

- Chapter 5: Demand for debt-advice service and mapping of current needs
- Chapter 6: Potential resources needed to improve debt-advice services
- Chapter 7: Findings from best practices events
- Chapter 8: Findings from trainings
- Chapter 9: Conclusions and recommendations

This report summarises the project tasks that were performed from May 2020 to October 2021. Firstly, an overview of the methodology is briefly described in **chapter 2**.

Chapters 3 to 6 are related to the Task 1 of the project. More specifically, **chapter 3** provides an overview of the debt advice systems and services in the EU, and **chapter 4** investigates the costs and benefits of providing debt advice. Furthermore, **chapter 5** explores the demand for debt-advice service and mapping of current needs, while **chapter 6** provides an overview of the potential resources needed to improve debt-advice services. The full report on the quantitative analysis of resources needed by debt-advisors is attached as a separate annex to this final report.

Chapter 7 summarises the two sessions of the best practices events that occurred in January and September of 2021. The full report of the best practices events is attached as a separate annex to this final report.

Chapter 8 sums up the findings from the two sessions of the training events that took place in April and June of 2021. The full report of the training events is attached as a separate annex to this final report.

Chapter 9 provides a conclusion of the project as well as the recommendations for the future projects in the area of extending the availability and improving the quality of debt-advice services in the EU.

The following annexes are submitted together with the report:

- Annex 1: Task: Report on Funding of Debt Advice
- Annex 2: Task 2: Good Practices in Debt Advice Meeting Report
- Annex 3: Task 2: Satisfaction survey
- Annex 4: Task 3: Call for Expression of Interest
- Annex 5: Task 3: Screenshots of Online Academy
- Annex 6: Task 3: Training Handbook for Online Event 'Provision of Actions to Extend the Availability and Improve the Quality of Debt-advice Services for European Households'
- Annex 7: Task 3: Report About the Impact of the Trainings on the Participants
- Annex 8: Task 3: Report with the Feedback of Participants Concerning the Quality and Usefulness of the Trainings Performed under Task 3
- Annex 9: Task 3: Programme of the training events
- Annex 10: List of files submitted on a USB key

2 Methodology

This chapter provides a brief overview of the methodology applied to the three tasks of the study.

2.1 Task 1: Quantitative analysis of resources needed by debt-advisors

Task 1 concluded in 2020 and the results are presented in Chapter 3 to 6 as well as Annex 1 (Report on Funding of Debt Advice). A short summary of the methodology deployed in Task 1 is provided below.

<u>Desk research</u>

A robust desk research was carried out in order to obtain a clear and comprehensive overview of the current state of debt-advice services dealing with households' over-indebtedness across the EU. The desk research covered the following elements:

- Identification of the main forms of debt-advice at national and EU level (Chapter 3).
- Obtain qualitative and quantitative information about the costs and benefits of providing debt advice (Chapter 4).
- Obtain qualitative and quantitative information about the demand for debt-advice services and mapping of current needs (Chapter 5).
- Obtain qualitative and quantitative information regarding potential resources needed to improve debt-advice services (Chapter 6).

Our research team scanned publications in the Member States in national languages as well as in English. The information in the national language was collected by national experts, who synthesised and shared the information on the relevant approaches.

<u>Stakeholder consultation</u>

The stakeholder consultation consisted of conducting an online survey and semi-structured interviews.

The targeted relevant stakeholders in all Member States and in the UK, included public and local authorities, consumer associations, NGOs and charities active in the field, financial and credit services institutions, academics and experts. The survey was constructed following the development of questionnaires targeting these stakeholder groups:

- Debt advice providers;
- Industry respondents (e.g. creditors);
- Policy and regulatory framework providers; and
- General stakeholders who do not fall under the previous categories.

For the online survey, the target number of responses was a minimum of 12 responses from large Member States (DE, ES, FR, IT, PL, and UK), and a minimum of 6 responses in the remaining Member States. For the interviews, the target number of responses was at least 200, with a minimum of 10 responses in large Member States and 5 in the remaining Member States.

Survey

The survey was finalised in the inception phase. Once the questionnaires were accepted, we encoded the questions on the survey platform. The survey was available in English, French and German, and was officially launched on 3 August 2020. It was initially planned to run for eight weeks. A preliminary deadline had been set for 18 September 2020, and then further extended until 16 October 2020.

The online survey started with the general questions, such as asking for the respondents' organisation name, country of origin, focus of their work with regards to household (over-)indebtedness and debt advice, and views on the state of debt counselling services and the challenges or inefficiencies encountered. The survey contained a series of general questions that were similar for all stakeholders, followed by a series of questions aimed at specific stakeholders.

The overall target of 250 replies was almost doubled.

Interviews

In-depth interviews with relevant stakeholders operating at European and Member State level were carried out in order to complement the information collected from the desk-based research and the survey.

The number of interviews conducted were quite similar across Member States. The exact number of interviews depended on the size and legal/institutional setting of the country, the presence of debt-advice services, the representativeness of the institutions involved and acceptance rate.

In total more than 200 interviews were conducted between May and December 2020. The interviews were with debt advisors, companies, industry associations, public authorities, NGOs/Charities/Foundations, workers/consumer representatives, academics and other experts.

2.2 Task 2: Exchange of best practices seminars

The objective of Task 2 was to organise two seminars focused on the exchange of best good practices among debt-advisory stakeholders including advisors, NGOs, associations, consumer organisations and policymakers. Initially, the seminars were foreseen to be organised in person in Brussels with 80 to 120 participants taking part in each of the two seminars. However, due to the COVID-19 pandemic, upon agreement with EISMEA and DG JUST it was decided to host the seminars online via the Zoom platform. The first seminar took place in January 2021 and the second seminar occurred in September 2021.

Chapter 7 provides a description of the approach to the first seminar preparation with a full event report available as Annex 2 (Good Practices in Debt Advice Meeting Report) to this Final Report. In this section, we provide a brief overview of the methodology that is being applied to this task.

Identification and selection of good practices

Based on the findings from Task 1 and some additional desk research performed by the project team, a shortlist of good practices in the area of debt-advice provision was put together. This shortlist was then discussed with EISMEA and DG JUST to select the final examples to be presented in the seminar. A more detailed description of the selection criteria and the step-by-step approach taken is available in the Inception Report.

Preparation of seminar and seminar material

Upon agreement of the practices to be presented during the seminar, the project team proceeded with the preparation of the event. This included putting together a list of potential participants and disseminating the invitation to them.

The seminar sessions took place via the Zoom platform. To further ensure interaction of the participants in the seminar sessions, the presentations included real-time polls and questions via the Mentimeter[6] tool.

After the seminar sessions, participants received a satisfaction survey to collect their feedback on the set-up, content and overall satisfaction with the event.

A more detailed description of the seminar preparation is provided in chapter 7.

2.3 Task 3: Training and capacity-building activities

The objective of Task 3 was to implement a series of capacity building events focused on educating and informing debt-advisory service practitioners (Train-the-trainers) about adaptable best practices, new approaches and techniques. Initially, these activities were planned to be held in person in six selected Member States. However, due to the still ongoing COVID-19 pandemic, a decision was made to hold these activities online. While chapter 8 provides a description of how the first set of trainings were organised and the first findings of the training, here we provide a brief overview of the methodology utilised for Task 3.

Selection of countries for training

As a first step in this task, the six MS in which the training is taking place were selected together with EISMEA and DG JUST already in the inception phase. A more detailed description of all considerations taken into account for this selection was provided in the Inception Report of this project in July 2020. The six selected countries in which debt-advice is being provided sporadically and there is an absence of main providers of debt-advice are:

- Greece
- Hungary
- Italy
- Poland
- Romania
- Spain

Selection of participants and trainers

Once the six participating countries were selected, the project team proceeded to discuss with EISMEA/DG JUST the best way to reach out to potential participants in line with the approach described in the inception report. It was agreed that the project team would publish a Call for Expression of Interest and disseminate it among the stakeholders from the six countries. More details about the Call can be found in Annex 4 (Call for the Expression of Interest) of this report.

In parallel to this, the project team also finalised the list of experts that would provide the training. The specific criteria used to select the trainers were described in the inception report.

Preparation of trainings and training material

Upon agreeing the final list of experts, the project team proceeded with the preparations of the set-up of the first set of training to be held online. Upon further research, it was agreed that the most convenient online platform for the technical and content purposes of the training was Zoom as it supports dividing the participants into multiple smaller groups which are shown to be more conducive for discussion and interaction with the

[6] https://www.mentimeter.com/

participants. Furthermore, the platform allows for a simultaneous translation into multiple languages.

To further support the training, the project team also created an Online Academy[7] on the Coursify Platform where all the materials used in the training are uploaded for the participants to consult, where they can pose additional questions, and which is accessible in all six national languages. For the purposes of the first set of trainings, the project team, together with the trainers, prepared a handbook to accompany the course. The handbook was prepared in English and translated into the six national languages and uploaded onto the Academy. Furthermore, the experts prepared eight videos were they briefly outline what each training presentation was about. Each video was accompanied by subtitles in the six national languages and in English.

To measure the retained knowledge from the trainings, the project team prepared a knowledge questionnaire that was disseminated among the participants after the first set of training. The participants were also asked to fill in a satisfaction survey to obtain feedback on the first set of training, its content and set-up.

A more detailed description of the training preparation is provided in chapter 8.

[7] Accessible here: https://debtadvicetraining.coursify.me/

3 Debt advice systems, services and providers in the EU

This Chapter provides an overview of the types of services debt advisers provide in the Member States, types of organisations that tend to provide debt advice services, and key debt advice systems that function across the EU.

3.1 Debt advice services

Different organisations may provide a wide variety of services to their clients and individuals in general. The types of services that are often provided with regards to debt advice for households are detailed in this section.

3.1.1 Types of services

Debt-advice services can combine various services to beneficiaries depending on the provider of the services and the legal framework. The services can be divided in three broad categories, which can be further divided in various subcategories: [8]

- Legal counselling:
  - Verification of legality of legal claims;
  - Settle disputes between debtor and creditor;
  - Support to debt settlement procedures (information about process, assist in getting access and getting through the process).
- Money and debt management:
  - Create structure in financial administration;
  - Prioritisation of payments;
  - Respond to payment requests (letters from creditors);
  - Restructuring of debt (e.g. pass from expensive overdrafts/credit card loans to consumer loan);
  - Renegotiate the payment terms and amounts.
- Social and psychological assistance:
  - Refer to social services such as mental healthcare, employment and welfare services;
  - Contact point for social services concerning the financial matters.

Debt advice providers can, and indeed do, provide services related to other aspects than just legal questions and money/debt problems, namely mental health. In some Member States, citizens can also make use of social and psychological assistance in addition to the services usually provided by debt advice organisations or agencies.

It seems that counsellors can pursue two different roles during the debt advice procedure: either focusing on the clients own personal experiences and emotions or taking the role of an expert/professional problem-solver.[9] Their findings show that the best results were obtained when debt counsellors were able to alternate (when needed)

[8] Based on Eurofound (2020): Addressing household over-indebtedness. Available at: https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19044en.pdf.

[9] See for example: Andelic Nicole, Stevenson Clifford, Feeney Aidan (2019): Managing a moral identity in debt advice conversations". British Journal of Social Psychology (2019), 58, 630–648 © 2018 The Authors British Journal of Social Psychology; Andelic, N., Feeney, A., & McKeown, G. (2019). Evidence for communicative compensation in debt advice with reduced multimodality. In ICMI '19 2019 International Conference on Multimodal Interaction (pp. 210-219). Association for Computing Machinery (ACM).

between the two interactional strategies, keeping in mind both institutional goals as well as client concerns. In such cases, client collaboration was highest, and the counselling procedure was most successful. This further underscores the psychological aspect of debt advice services, namely that debt counsellors, have the ability to provide psychological assistance by helping clients overcome the stigma associated with debt problems. This speaks to the fact that debt counsellors, or at least good debt counsellors, can sometimes take on a psychological support role, by breaking down mental barriers many clients often have towards the subject of over-indebtedness.

Another more indirect way debt counsellors can take on the psychological support role successfully, is through cross-platform collaboration between debt advice providers and mental health institutions. Fitch (2007) argues that close cooperation between debt advice organisations and mental health institutions is necessary, and Jenkins (2009) similarly calls for "*a renewed emphasis on coordinated 'debt care pathways' and better communication between local health and advice services*". This could be done in practice, by clients with both mental health and debt problems being cross-referred to and from mental health institutions and debt advice centres. In this sense, debt counsellors play an important role in ensuring that over-indebted individuals who are in need of psychological assistance, are able to do so, especially because people who have both debt problems as well as mental health problems, might have a hard time reaching out themselves. For debt counsellors to be able to refer relevant clients to mental health institutions however, it is necessary to ensure that counsellors can detect mental health problems to begin with and take it into consideration during the debt counselling process.[10]

3.1.2 Debt advice services in Europe

Based on the type of services, debt advice systems in the EU27 and the UK can be grouped in four main categories (see Table below).

Table 1: Type of debt advice services

Country	Legal counselling	Money and debt management	Social and psychological assistance
Austria, Belgium, Cyprus, Czechia, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Slovenia, Spain, Sweden, the UK	✓	✓	✓
Croatia, Estonia, Finland, Luxembourg, Romania, Slovakia	✓	✓	X
Bulgaria	✓	X	X

Source: VVA & CEPS elaboration based on desk research and interviews

In 20 EU Member States plus the UK[11] all three broad categories of debt advice services are available to consumers. These services can be offered by different organisations. In practice, the over-indebted households may only receive just a selection of the services depending on the organisation they consult.

[10] Jenkins Rachel, Fitch Chris, Hurlston Malcolm, Walker Frances: "Recession, debt and mental health: challenges and solutions (2009): Recession, debt and mental health: challenges and solutions", Mental Health in Family Medicine 2009;6:85–90, 2009 Radcliffe Publishing.

[11] Austria, Belgium, Cyprus, Czechia, Denmark, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Slovenia, Spain, Sweden, the UK.

In 6 EU Member States[12], consumers can receive legal counselling and money and debt management advice, but do not have access to social and psychological counselling.

In only one EU Member States[13] the debt advice service available to consumers is legal counselling from legal professionals and lawyers.

Moving to the subcategories of debt advice services, legal counselling can be broken down in i) verification of legality of legal claims, ii) dispute settlement between debtor and creditor and iii) legal support in debt settlement procedures. Consumers across all the EU have access to legal support in debt settlement procedures either from debt advisors or specialised lawyers. Additionally, in the majority of the countries[14] debt advisors also verify the legality of the claims from creditors and settle the disputes between debtors and creditors.

Money and debt management can be divided in five sub services, namely i) creation of a structure in the debtor’s financial administration; ii) prioritisation of payments; iii) responding to payment requests; iv) restructuring of debt obligations, v) renegotiating payment terms and amounts. In about half of the EU Member States[15] debt advisors help over-indebted households to create a structure in their budget, advice consumers on how to prioritise payment obligations and respond to payment letters from creditors. In about one-third of the Member States, debt advisors also help over-indebted households to restructure their debt obligations and renegotiate payment obligations.

In 15 of the countries in which consumers have access to social and psychological assistance the support is provided by a debt advice organisation[16]. In the remaining 6 countries[17] debt advisors usually refer debtors to social service organisations.

3.2 Types of debt advice providers

Debt-advice services are provided by debt advisors. These are independent professionals whose main task it is to provide support to people dealing with difficult financial situations due to debt obligations. It does not matter, in this perspective, whether or not debt advisors, in doing their job, act on a commercial or voluntary position, are paid or not. What matters is if they are “independent”, i.e. act as a person not influenced in his/her work by other interests potentially conflicting with those of the beneficiary of the advice (i.e. the over-indebted (or potentially over-indebted) household) to find the best possible solution to get them out of debt.

To achieve this result, debt-advisors need to operate with an open perspective, where elements of economy and financial management are accompanied by a good legal expertise and an intelligent psychological approach, in order to identify, person by person, the specific problems and the related specific solutions. The help provided by debt-advisors to the over-indebted households is therefore personalised, varies on a

[12] Croatia, Estonia, Finland, Luxembourg, Romania and Slovakia.

[13] Bulgaria.

[14] Austria, Croatia, Cyprus, Czechia, Denmark, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Poland, Portugal, Slovakia, Slovenia and Spain.

[15] Austria, Belgium, Cyprus, Czechia, Denmark, France, Greece, Hungary, Ireland, Italy, Portugal, Spain, The Netherlands

[16] Austria , Cyprus, Czechia, Denmark, France, Greece, Hungary, Italy, Latvia, Poland, Portugal, Slovenia, Spain, the Netherlands, Malta

[17] Belgium, Germany, Ireland, Lithuania, Sweden the UK

case-by-case basis and is tailored to the situation of each particular household. Debt advisory services can be provided by different organisations.[18]

These different types of providers found in the EU27 - Member States ("EU27") and UK can be grouped under six broad categories:

- Non-governmental organisations (NGOs) (churches, humanitarian organisations etc.), including both NGOs operating at own account and funded by governments;
- Consumer organisations;
- Social partners (employer organisations and trade unions);
- Public authorities (local government, regional government, public authorities/bodies);
- Publicly funded organisations at some distance from public administration; and
- Private for-profit professionals or companies (lawyers, consultants, etc.).

Although in numerous cases there is active cooperation between the debt advisors, creditors and debt collectors, it is important not to confuse the activities, roles and interests of creditors and debt collectors with those of debt advisors.

Overall, debt advice services in the EU27 and the UK can be divided in four main groups (see Table below). This classification is performed on the main provider of debt advice. However, in most countries there are various (types of) providers of debt-advice services working next to each other.

Table 2: Classification of debt advice in the EU by main provider

Country	Main provider
Austria, Belgium, Denmark, Estonia, Finland, France, Ireland, Luxembourg, the Netherlands, Slovakia, Sweden and the UK	Public authority or publicly funded organisations
Czechia, Germany, Hungary, Italy, Malta, Romania, Slovenia	NGOs, Charities, other social organisations
Greece, Portugal, Poland and Spain	Consumer organisations
Bulgaria, Cyprus, Croatia, Latvia, Lithuania	Private

Source: VVA & CEPS elaboration based on desk research and stakeholder interviews

Debt advice is mostly provided by **public authorities or publicly funded organisations** in 12 countries (Austria, Belgium, Denmark, Estonia, Finland, France, Ireland, Luxembourg, the Netherlands, Slovakia, Sweden and the UK). In Austria, debt advice is generally provided by a network of state-approved debt advice centres funded by regional governments and grouped under an umbrella organisation[19]. In Denmark, debt advice is mostly provided by publicly funded organisations. The largest debt advice provider is the national consumer organisation[20]. In Estonia, Belgium, the Netherlands and Sweden, debt advice is generally provided by municipalities. Additionally, debt advice in Estonia is also provided by the "Estonian Unemployment Insurance Fund" but its services are accessible only to unemployed people. In Ireland and Luxembourg, debt advice is often provided by specialised national agencies, the "Money Advice and Budgeting Service" and the "Over-indebtedness information and advice service"[21] respectively. In Finland, debt advice is provided by local branches of the judicial administration. In Slovakia, over-indebted households can seek advice from the

[18] Based on Eurofound (2011): Household debt advisory services in the European Union. Available at: https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1189en.pdf.

[19] ASB Schuldnerberatungen

[20] Forbrugerradet Tank

[21] Service d'information et de conseil en matière de surendettement (SICS)

specialised advisory centre established by the Ministry of Justice[22]. In France, the main provider of debt advice services is a network of publicly funded associations[23]. Additionally, there exists a list of authorized debt advice centres[24] including public authorities and non-profit organisations financed by the French government. In the UK, debt advice is mainly provided by the network of debt advice centres financed by the Money Advice Service (MAS), a specialised government agency. In almost all countries where public authorities provide or fund debt advice, charities and non-profit organisations are also active. For example, the charity Saint Vincent de Paul of plays a significant role in addressing household over-indebtedness in Ireland, Café Exits provides debt advice services in Danish prisons and the Salvation Army's debt mediation service in Belgium.

Debt advice is mainly provided by **NGOs, charities or other social organisations** in 7 countries (Czechia, Germany, Hungary, Italy, Malta, Romania and Slovenia). In Czechia and Romania, the main provider of debt advice are independent organisations funded by credit institutions[25]. In Germany, there are four main organisations offering debt advice services, namely Caritas, German Red Cross, Parity Association[26] and Workers' Welfare Association[27]. These organisations are mainly funded through membership-fees, but they also receive public subsidies. In Hungary, debt advice services are mainly provided by the Charity Service of the Order of Malta. In Italy, there exists approximately 30 debt advice organisations, mostly linked to the Catholic Church. Additionally, private lawyers and financial professionals are also active in the field. In Malta, debt advice is almost exclusively provided by Caritas Malta. Finally, in Slovenia there exists a number of NGOs which assist over-indebted households (some of them receive public funding, e.g. SOS Debts Programme from the PRELOMI association[28]).

Debt advice is mainly provided by **consumer organisations** in five member states (Greece, Portugal, Poland, Romania and Spain). In Greece, Portugal and Spain, there exists a number of different organisations providing debt advice services to over-indebted households[29]. Additionally, in Portugal there exists a network of municipalities (i.e. RACE[30]) offering debt advice services in partnership with consumer associations. Similarly, a number of Spanish municipalities have activated several initiative in the field of debt advice. In Poland debt advice is mainly provided by the national consumer association (i.e. SKEF).

Finally, in five countries debt advice is almost exclusively provided by **private entities** (i.e. legal professionals and for-profit companies). This group includes Bulgaria, Cyprus, Croatia, Latvia and Lithuania.

This variety of actors is reflected in the survey responses as well. The table below provides an overview of the organisations responsible for debt advice services across countries.

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[22] Centrum pravnej pomoci

[23] Chambre Régionale De Surendettement Social (Crésus)

[24] Points Conseil Budget

[25] Poradna in Czechia; Centrul de Soluționare Alternativă a Litigiilor în Domeniul Bancar (CSALB) in Romania

[26] Der Paritätische

[27] Arbeiterwohlfahrt

[28] Inštitut za družinsko terapijo, svetovanje in izobraževanje -PRELOMI

[29] INKA and EKPIZO in Greece; GAS and UGC in Portugal; Adicae and Asociacion de Usuarios de Bancos in Spain

[30] https://gasdeco.net/literacia-financeira/sobre-endividamento/pedir-ajuda/rede-de-apoio-ao-consumidor-sobreendividado-da-direcao-geral-do-consumidor/

Table 3: Which type of actors are responsible for providing debt advice in your country? [By country]

Member State	Consumer organisations	NGOs	Public authorities	Private organisations	Other
Austria (n=10)	0%	90%	0%	10%	20%
Belgium (n=12)	42%	25%	83%	25%	33%
Bulgaria (n=6)	33%	33%	17%	33%	33%
Croatia (n=8)	38%	25%	25%	38%	13%
Cyprus (n=6)	67%	0%	67%	83%	17%
Czechia (n=9)	44%	100%	11%	22%	11%
Denmark (n=10)	80%	90%	60%	70%	10%
Estonia (n=6)	0%	67%	67%	33%	17%
Finland (n=11)	18%	82%	91%	9%	18%
France (n=9)	89%	33%	67%	0%	11%
Germany (n=90)	70%	89%	58%	42%	19%
Greece (n=4)	75%	0%	100%	25%	75%
Hungary (n=5)	0%	80%	80%	40%	0%
Ireland (n=11)	40%	10%	30%	10%	50%
Italy (n=14)	57%	21%	14%	50%	0%
Latvia (n=5)	40%	60%	40%	0%	20%
Lithuania (n=3)	33%	33%	33%	33%	0%
Luxembourg (n=4)	50%	100%	25%	0%	0%
Malta (n=2)	0%	100%	50%	100%	0%
Netherlands (n=4)	67%	33%	83%	67%	17%
Poland (n=14)	54%	62%	23%	31%	23%
Portugal (n=15)	93%	33%	53%	40%	13%
Romania (n=5)	60%	40%	80%	40%	20%
Slovakia (n=7)	57%	43%	43%	14%	0%
Slovenia (n=6)	17%	33%	17%	33%	17%
Spain (n=11)	55%	36%	55%	27%	9%
Sweden (n=5)	20%	0%	60%	0%	80%
UK (n=3)	67%	67%	67%	33%	0%
Total (n=295)	**55%**	**60%**	**51%**	**34%**	**19%**

Note: results are based on 295 observations, multiple responses possible.
Source: VVA & CEPS elaborations based on online survey responses

3.3 Current provision of debt advice across countries

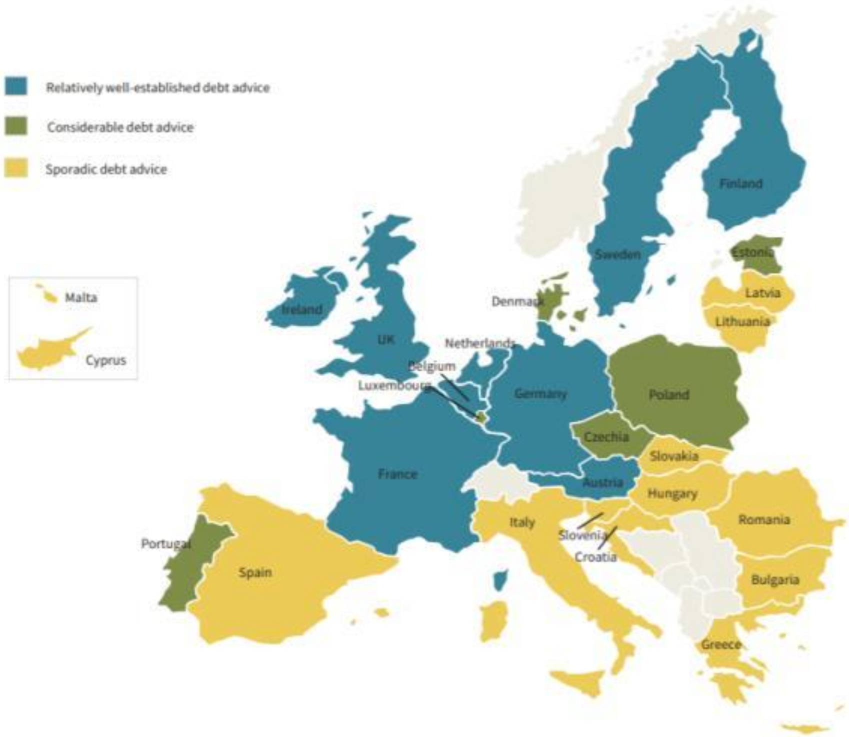
A study by Eurofound (2020) on "*Addressing household over-indebtedness*"[31] has mapped and grouped the Member States in three categories of debt-advisory services according to the availability: 1) "*relatively well established*", 2) "*averagely established*" and 3) "*rather not established*". According to the study, debt advice is considered relatively well established where the services cover the entire country, are used by a relatively large section of the population and often build on years of experience.

[31] Eurofound (2020), Addressing household over-indebtedness, Publications Office of the European Union, Luxembourg. Available at: https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19044en.pdf

Countries where debt advice is "rather not established" or even absent, those in need may turn to private lawyers or organisations without well-developed advice. The intermediate level of debt advice services or "considerable debt-advice", have somewhat more structured debt advice but with large gaps in availability, accessibility, and quality. Here, the following countries were categorised in those three groups:

- Relatively well-established debt-advice (3): AT, BE, DE, FI, FR, IE, LU, NL, SE, (UK);
- Considerable debt-advice (2): CZ, DK, EE, PL, PT;
- Sporadic debt-advice (1): BG, CY, EL, ES, IT, HR, HU, LT, LV, MT, RO, SI, SK[32].

Figure 1: Availability of debt-advice in the EU28 in 2019



Source: Eurofound (2020), Addressing household over-indebtedness, p.20 – compiled by Eurofound from the contributions of the Network of Eurofound Correspondents, Eurofound's own investigation and feedback by experts.

Given the wide variety of actors in the field, one main approach to understand the current number of debtors was to collect information from the main advisory providers in each country. The main sources included the country reports developed for Eurofound (2020)[33] and then continued by accessing annual reports of the main providers identified in these unpublished country reports. Where possible, the data was expanded through the interviews and survey responses, as well as to validate the information collected. In order to better understand these numbers of advice cases, first a short description of the advice system of the country is provided below.

[32] The research to date has identified 4 countries (BG, CY, HR and MT) where no debt-advice services are available. This list is expanded by adding countries in which debt-advisory services are only sporadically available.

[33] The non-published country reports were provided by Eurofound for the use in this report.

Table 4: Description of the main debt advice system per country[34]

Country	Level of advice availability	Description
AT	3	Debt advice services are provided by 10 organisations in all nine regions of Austria. They are coordinated by the umbrella organisation ASB Schuldnerberatungen GmbH. These 10 main offices have further 18 regional branches. They are supported by public funds, meaning that they provide free-of-charge advice services.
BE	3	Debt advice services in Belgium include "debt mediation" and "collective debt settlement". The main advice service is provided by CPAS (Centres Public d'Aide Social) in Wallonia and OCMW (Openbaar Centrum voor Maatschappelijk Welzijn) in Flanders, as well as Centres for General Welfare (CAW). SAM vzw, another provider was founded early 2018 as a merger of five Flemish support centres, established by a decree and is subsidised by the Flemish government.
BG	1	In Bulgaria, debt advisory services are absent or have a very limited capacity. Given its weak tradition of debt advice, services are rather sporadic and no main advice providers exist. The debt advice provision is mainly provided by private lawyers and consultants.
CY	1	In Cyprus, debt advice is rather not developed to completely absent and over-indebted people often turn to private lawyers, unregulated financial counsellors, relief organisations or general consumer organisations without specialised debt advice.
CZ	2	Debt advice services in Czechia are covered by a variety of counselling offices that are coordinated mainly by NGOs and Charity organisations. A few of them offer free-of-charge services to people in need, while the State does not play a key role in the provision of debt advice. The widest networks comprising various offices and majority of "non desk" activities are Poradna při finanční tísni which has been an European Consumer Debt Network (ECDN) partner, the NGO Člověk v tísni (People in need) and the Charity Charita Česká republika.
DE	3	In Germany, debt advice services are provided by a number of actors, including six welfare organisations, municipalities and federal states. Federal states often work with private advisors through an online platform. In addition, consumer protection agencies might also offer debt advice. The six leading organisations are: Caritas, the German Red Cross, the German Paritätische welfare organisation, the AWO - Workers' Welfare Association, the Diaconia and the Central Welfare Office for Jews.
DK	2	The Danish model of organising free debt advice services is through publicly funded private organisations, mostly operating with volunteers. The Ministry of Social Affairs allocates funding to nine organisations in particular providing debt counselling services.
EE	2	In Estonia, debt advisory services are offered sporadically but the main providers are local governments, to some extent by Eesti Töötukassa (e-Töötukassa) and a number of NGOs.
EL	1	Before 2010 to 2011, there was no money or debt and budget advice system in Greece. At this stage, there is no main debt advice agency, but the Consumer Ombudsman has been tasked to operate as mediator, especially in cases of debt restructuring. General consumer advice is provided by the Consumers' Federation (INKA) and Consumers' Association "the Quality of Life" (EKPIZO) and other providers such as the public organisation KEYD-GEYD.

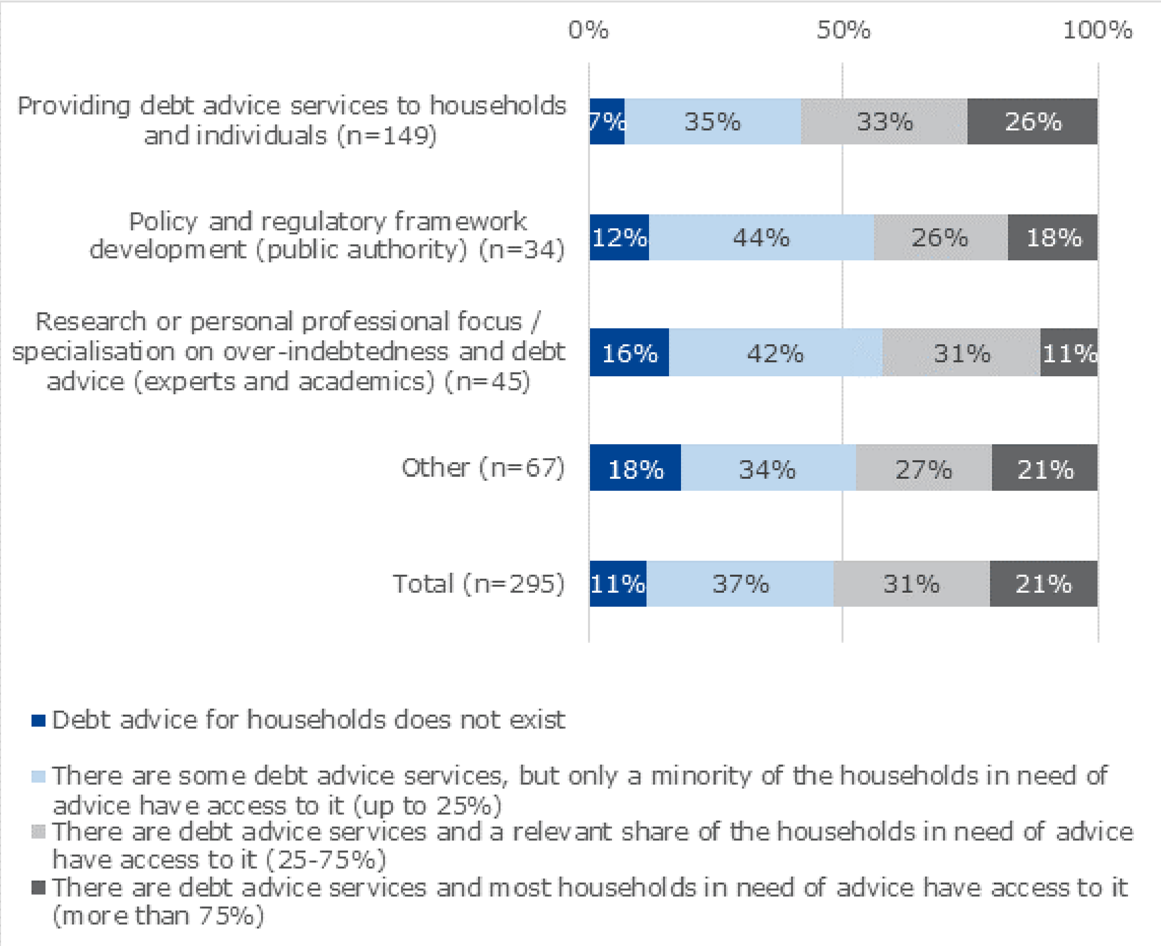
[34] The main sources included the country reports developed for Eurofound (2020) and then continued by accessing annual reports of the main providers identified in these unpublished country reports. Where possible, the data was expanded through the interviews and survey responses, as well as to validate the information collected.

Country	Level of advice availability	Description
ES	1	Spain has a weak tradition of debt advice and it is rather sporadically available. There is a wide diversity of types of organisations that provide advice on how to settle debts, including smaller NGOs to Charity organisations (e.g. Caritas) and consumer organisations. A main focus with debt advice in Spain is focused on mortgage debt. The available services, however, have been described as insufficient. Given the lack of centralised public services, Civil Society movements and organisations have started to fill the gap.
FI	3	The public debt advice services provided in Finland are currently undergoing a change of structure, moving from municipalities and local authorities to 23 local agencies of judicial administration (FI Oikeusaputoimisto).
FR	3	Debt advice services in France are mainly provided by organisations, including the Federation Crésus (Chambre Régionale de Surendettement Social), a non-profit network, CCAS (Centre Communal d'Action Sociale CCAS), a communal social actors centre, and National Unions (e.g. UNAF and UDAF). The Bank of France also plays a key role in the process of debt advice, as they cooperate with information points for mediation and forms partnerships with organisations offering debt advice.
HR	1	In Croatia, there is no concrete offer of debt advice on national level. There are publicly funded general Consumer Counselling Centres, however.
HU	1	Debt advice services were obligatory for local governments to be offered, which was abolished after March 2015, making it voluntary for the local authorities to decide whether to offer services. Due to these changes, debt advice services are mainly offered by private sector actors.
IE	3	In Ireland, the main debt advice service providers are the Money Advice and Budgeting Services (MABS) and charities. MABS) is a government funded advice service that operates nationally through local offices under regional boards. It is fully funded by the Irish government through the Citizens Information Board (CIB), a government agency under the Department of Employment Affairs and Social Protection. Concerning the charities, a key charity organisation that provides debt advice services in Ireland is the Society of Saint Vincent De Paul.
IT	1	In Italy, debt advice services are considered to be absent or have a particularly limited capacity. There are no main providers responsible for debt advice, but it is rather offered sporadically by private sector actors, a few NGOs (e.g. Caritas) and organisations such as the consumer association Adiconsum.
LT	1	Lithuania has a rather weak tradition of debt advice services and thus they are not offered or only sporadically. Those few sporadic services are mainly provided by the State-Guaranteed Legal Aid Service (SGLAS), private lawyers and consultant.
LU	3	Luxembourg created a Mediation committee for over-indebtedness (Commission de médiation en matière de surendettement) matters as well as an Information and Counselling services (SICS) in 2013. The mediation committee is the main actor in settlement procedures, while the SICS has a consulting and information role assisting debtors if they wish. The SICS comprises in particular two actors: the Ligue Médico-Sociale and Inter-Actions.
LV	1	The field of debt advice has been considered underdeveloped in Latvia. Compared to other Nordic and Western European countries, the services in Latvia are categorised as sporadic. The Consumer Rights Protection Centre is one of the sporadic actors, however providing general advice to consumers rather than specialised services on debt.

Country	Level of advice availability	Description
MT	1	Malta is categorised as a country where debt advice services are underdeveloped and only offered sporadically. One organisation that is closing the gap somewhat is Caritas Malta.
NL	3	In the Netherlands, municipalities are responsible for implementing policy with regards to poverty and debt assistant, operating under the responsibility laid out by the Municipal Debt Assistant Act. In addition, also Charities provide debt-advice, often in cooperation with the local authorities.
PL	2	Debt advice in Poland is provided through the framework of free legal advice at point of free legal aid offices across the country. These points do not specialise and are not limited to the provision of debt advice only, however. There are also a few Financial and Consumer Advisory Centres coordinated by SKEF that specialise in financial and legal and consumer advice.
PT	2	Portugal's debt advice runs mainly through a network of local consumer support entities. These are free of charge and officially recognised by the Directorate-General for Consumers (DGC). These centres work in close cooperation with the main relevant organisations operating on these matters, in particular the Over-indebted Support Office (Cabinete de Apoio ao Sobre endividado – GAS DECO). Their services are not only limited to debt advice, but also offers other financial support and actions to promote financial literacy.
RO	1	The provision of debt advice and debt counselling in Romania is limited to almost absent. The National Authority for Consumer Protection (ANPC) is responsible for the coordination of national and local insolvency commissions and provides some support. Consumer associations (e.g. the Romanian Financial Users' Association AURSF or CREDERE Association) have filled this vacuum to some extent, albeit not being specialised debt advice providers.
SE	3	In Sweden, municipalities are obliged to provide budget and debt advice to individuals. The legislation also stipulates that the debt advice should continue throughout the debt restructuring process.
SI	1	Debt advice services are very uncommon and considered under-developed in Slovenia. Consumer organisations reportedly provide some debt advice, but their capacities are not focused on these services and rather limited. A large share of debt advice is reliant on private lawyers and consultants and the most common procedure followed is personal bankruptcy. One exception is the organisation Prelomi (SOS debt programme), which is an NGO offering psychological support due to social distress caused by over-indebtedness and other financial difficulties. Another organisation Kralji Ulice, provides support to individuals having difficulties covering their rents of social housing.
SK	1	In Slovakia, there is no publicly funded or guaranteed debt counselling system. A few private professionals and NGOs offer debt advice as part of their general services, such as the Centrum právnej pomoci.
UK	3	The UK has a hybrid system with publicly funded debt advice services coordinated through the Money Advice Service (MAS), Charities and private companies. It is considered a country with well-established debt advice.

With regard to the current level of development of debt advice services in the country of the survey respondent, the assessment of the system seems to be quite similar in each stakeholder group. Across all stakeholders, a large majority seem to agree that the systems can still be improved.

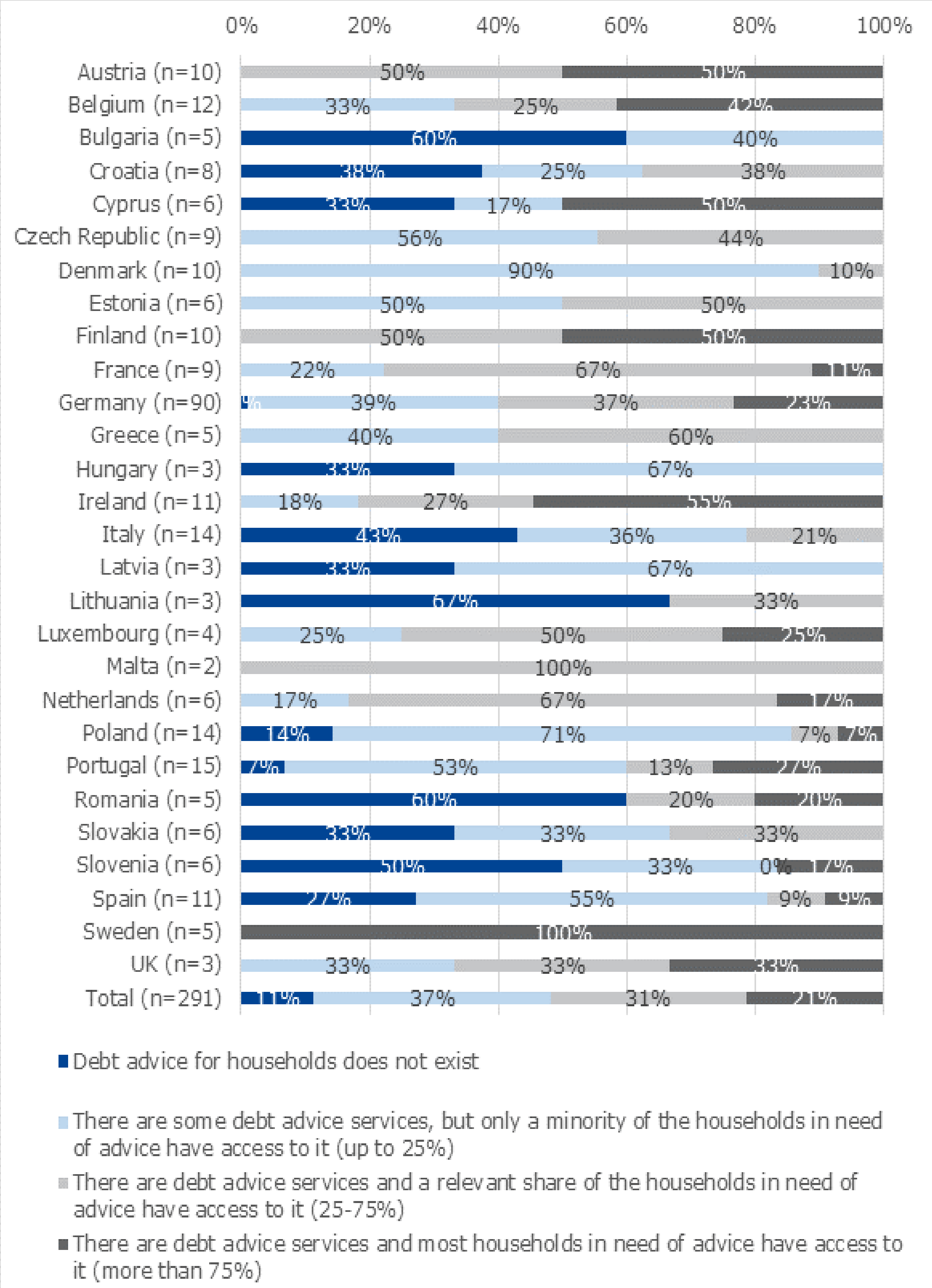
Figure 2: In your opinion, how developed is the provision of debt advice for (over-) indebted households in your country? [By area of involvement]



Note: results are based on 295 observations.
Source: VVA & CEPS elaborations based on online survey responses

On a country level, the situation is more diverse. One hand, there are countries like Sweden where there is a high provision of debt advice. On the other hand, there are countries like Romania and Lithuania where there is very little debt advice. Some of the data below may need to be treated with caution as the response rates in some of the countries were rather low, thus, the responses below may reflect the opinion of only few individuals. Despite these limitations, this table has been included here because of the significance of a country-specific analysis.

Figure 3: Provision of debt advice by country



Note: results are based on 291 observations.
Source: VVA & CEPS elaborations based on online survey responses

4 Costs and benefits of providing debt advice

This Chapter provides an overview of the costs of debt advice services, the benefits that advice can bring as well as an 'optimal' scenario estimation of the funding amount needed to cover all countries and households in arrears. Relevant in this case is to indicate that the ideal scenario is built on a model that aims at harmonising the needs, costs and benefits.

4.1 Costs of advice

As already noted in the previous sections, debt advice provision is not equally developed and organised in the same way across the EU, thus, the costs that apply will also likely vary. Regarding costs of providing debt advice services, there are many components that may have an influence. Based on previous literature and talks with experts, we have identified five main drivers:

1) *Type of services*: The type of services provided by debt advisory services to over-indebted people varies between countries, services and individual users. Overall, the services provided may include a budget overview, (economic) crisis intervention, budget planning and psychosocial counselling, and legal advice. Types of debt counselling can be subdivided according to the criteria of financial and legal counselling, practical life counselling, psychosocial help and preventive pedagogical counselling (Korczak, 2019). Some organisations also provide financial relief, to facilitate access to basic goods or to contribute to fees which may be in place for specialised help or debt settlement procedures. The Eurofound's study (2020) grouped activities under three main categories: 1) money and debt management, 2) legal counselling, and 3) linking to or providing other social services.

2) *Coverage*: The services of debt advice providers may target or cover specific groups (e.g. early/late detection, youth, recipients of social assistance, etc..) or focus on certain geographic areas (often the case in countries where local or regional governments provide debt advisory services within a national framework) (Eurofound, 2020).

3) *Providers of debt advice*: Many countries have various types of providers (i.e. civil servants, volunteers, private consultants) providing support alongside each other. The Eurofound's study (2020) grouped the types of providers in seven categories (and illustrated by examples):

   - Consumer organisations: ADICAE in Spain, GAS DECO in Portugal, and Ekpizo in Greece
   - Local authorities: in the Netherlands and Sweden
   - National consumer debt advice organisations: MABS in Ireland
   - Charities: Charity Service of the Order of Malta in Hungary
   - Social security/unemployment insurance organisations: NAV in Norway and E-töötukassa in Estonia
   - Employers: the military in Belgium
   - Private consultants and lawyers: in Bulgaria, Croatia and Cyprus.

4) *Quality*: Access to debt advisory services is particularly effective if these services are of high quality (Eurofound, 2020). Previous research by Eurofound (2012) focused on factors that are important for the quality of the service. It highlighted,

for instance, that debt advice should offer customised, consistent approaches. Registration of debt advisors, conditional on training, can help to assure quality.

5) *Service delivering system*: Civic Consulting (2013) identified four main ways according to which the provision of debt advisory service is provided: 1) Face-to-face (the most common one in Europe, 81% of the sample of Civic Consulting's survey), 2) Telephone (67%), 3) Web-based (53%) and 4) Email/chat (45%).

Although there are different systems applied across Europe, a key indicator to measure the costs of providing services is the labour-cost associated to it, estimated in the number of hours dedicated per case.
Considering the heterogeneity of services and the data available, the estimates in the "*number of hours dedicated per case*" were taken from the countries where debt advice is "relatively well established" (i.e. the UK, IE, FR, DE, AT, NL, BE, SE, and FI) to then extrapolate EU-wide results.[35] For example, according to interviewees, the average time for advice in Germany is about 1 hour, in Sweden 90 minutes. In other countries, the averages are higher, such as in Denmark and Estonia (three hours).

One important consideration that applies to many of the cases of countries where advice is "relatively well established", is that the focus lies on 'self-help' of the client, rather than providing loan intermediation.[36] These sessions are likely to be shorter and simpler to conduct. Looking at the survey results, the average hours per case are estimated at 17, however, looking at the countries with more widely available government-based debt advice systems listed above, the average hours per case are 5. The difference may be explained due to the various types of advice providers across the countries. To clarify, comparing the average hours per case reported in the survey by main type of advice provider in the country, it becomes clear that the time reported is higher in countries where consumer organisations (average 19 hours per case) and NGOs/Charities (18 hours per case) provide advice. This may be explained by these types of organisations having a broader profile of services, while publicly funded services offer specialised debt advice services and can therefore make a clearer distinction of the time needed for debt advice. The survey data is likely to be an over-estimation of the actual average time spent on advice. In order to identify the discrepancy between the survey reported numbers and publicly available data, looking into the case of Estonia could help to adjust as both data are available. Here, the public authority records and publishes freely accessible the total casework hours spent for their debt advisory services, as well as the total number of cases. Taking these data to calculate the average working hours spent on each advice case, Estonia spends three hours per case.[37] In comparison, in the survey, other types of stakeholders provide differing estimates of the average hours per case (ten hours). Adjusting the survey results to this difference, the results are likely to be overestimated by about 33%. Adjusting the survey results to this proxy, the overall average hours per case spent across countries with publicly funded debt advice services is three as well. There are ranges of potential intensity or complexity of cases that will influence the advisor's work. For instance, within the Danish system, one of the main debt advice providers "Den Sociale Gældsrådgivning" categorises their clients within three steps, depending on how intense they estimate their clients' procedure to be. According to them, most cases fall within Step 1, which usually consists of short (about 1 hour) conversations that are often handled through phone or email exchange. With regards to more complex cases, in the case of Denmark Step 2 and Step 3 cases,

[35] Within this study, the Member States also provided country reports with more detailed insights into their services

[36] See for example Austrian Federal Ministry of Social Affairs and Consumer Protection (2019). Ausweg gesucht: Schulden und Privatkonkurs (Searching for an escape: debt and personal bankruptcy). Available at: https://broschuerenservice.sozialministerium.at/Home/Download?publicationId=269

[37] Annual report statistics of the Social Ministry of Estonia. Retrieved from: https://sveeb.sm.ee/index.php?tid=DS3lbOzvby_DybSQSDppIppppppppI5xlDnyS

require debt managers to take on a more active role together with their clients in step 2 (average of 20 hours per case) or to completely take over the client's debt problems, including from systematising debt arrears to collaborate and communicate with creditors for Step 3 clients (up to 50 hours per case). Indeed, the estimated average hours per case for a complex case in the survey results reach 52, 22 looking at the countries with publicly funded and delivered debt advice.

In summary, the hours spent on debt advice are shown in the table below. These estimations will serve as a basis to understand the overall costs of debt advice later on in this section.

Table 5: Working hours for debt advice, per case

Average	Simple	Intermediate	Complex
3	1	20	50

Source: Interviews

These hours spent on debt advice cases can be further detailed by the type of service provided. On a general basis, this may be differentiated to time spent on diagnosis and on treatment. Diagnosis often comprises the first steps of collecting all the relevant information about the situation of the client, such as the financial background, expenditures and issues, both financially and non-financially. The treatment includes the main action points taken to deal with the clients' issues, such as budgeting advice or formal and informal debt settlement procedures.[38]

This approach is followed by many advice services in countries, where the system is more established. According to the main Austrian debt advice service provider (ASB Schuldnerberatungen GmbH)[39], the procedure to debt advice cases begins with first contact, arrangement of appointment and preparation of existing documentation, followed by a first consultation to discuss expectations, the current financial situation and measures to secure subsistence and other arrangements. This "diagnostic" part of the debt advice procedure takes about 42%, according to survey results. The treatment part of the services includes consultations for debt "rehabilitation" through recording of expenses and earning, debt assessment, providing other agreements and potential measures, or the option of private bankruptcy, as well as the concluding consultation with the possibility to follow-up. This is estimated to account for 58% of the time spent on advice cases, according to survey results.

Looking into the different types of providers, the share of time spent on diagnosis for publicly funded and delivered debt advice is 20%, compared to 80% treatment. NGOs, Charities and other social organisations spend more share of their time on diagnosis (40% average), while consumer organisations spend 30% and privately funded advice systems tend to spend most of their time on treatment (90%).

Table 6: % for debt advice, per case and type of service

Type of service	Diagnosis	Treatment
Publicly funded / public authorities	24%	76%
NGOs, Charities, other social organisations	40%	60%
Consumer organisations	32%	68%

[38] See for example Advice Scotland (n.d.). Debt advice process. Available at: https://www.advicescotland.com/home/debt-advice-process/

[39] ASB Schuldnerberatungen GmbH (2020). 14. Österreichischer Schuldenreport. Available at: https://www.schuldenberatung.at/downloads/infodatenbank/schuldenreport/asb_Schuldenreport2020.pdf?m=1587454366&

Type of service	Diagnosis	Treatment
Private	13%	87%
Total	42%	58%

Source: Online survey

Applying those shares to the hours per case spent, the hours per type of services is shown in the table below.

Table 7: Working hours for debt advice, per case and type of service

Average		Simple		Intermediate		Complex	
Diagnostic	Treatment	Diagnostic	Treatment	Diagnostic	Treatment	Diagnostic	Treatment
1.26	1.74	0.42	0.58	8.4	11.6	21	29

Source: Online survey

In order to arrive at a monetary estimate on the total costs of advice, there are two methodologies which can be applied:

I. The budget allocated to advisory services[40]; and

II. The labour-cost per hour index of a worker in the NACE Rev.2 "*Human health and social work activities*"[41]

Both aspects bring some benefits and limitations to the accuracy of the overall cost estimations, which are briefly discussed in the following paragraph.

With regards to the proxy "*budget allocated per service*", although being more robust in capturing the reality of the costs, it presents a main shortcoming in terms of availability and comparability. The total budget allocated by public authorities to debt advice services are often not recorded in Member States. Nevertheless, when these detailed budget data are reported, they can be deemed robust data, which applies in particular to Austria, Estonia, Ireland and the UK. In countries where consumer organisations and NGOs/Charities provide debt advice, the level of detail of the budgets allocated decrease and data becomes scarcer. Often, there are overall attributions of funding to consumer organisations, for example. An additional difficulty identifying the overall funding for debt advice with these two latter service providers is that there are many different organisations providing advice and the possibility of identifying them all, adjusting for their size and importance and having the relevant budget data available becomes minimal. In addition, by using the budget as proxy to overall costs for advice, we would have to assume the case of "no profits", meaning that all the resources received are spent throughout the year to cover costs. An example of this complexity is the UK, where debt advice services are well established and have a long-standing experience, as shown in the box below.

The second option for monetising the cost of providing debt advice is an extrapolation of a cost estimation based on a general labour cost indicator as provided by Eurostat. Although it may not fully depict the total costs borne by the different institutions (i.e. overheads are not included), the main strength of applying this estimation is the comparability it brings across countries. In order to provide a robust estimation of the costs, and on funding needs for debt advice across Europe and all countries, this comparability becomes indispensable. Comparability in this case is ensured, as labour cost differences across countries are adjusted in the available statistics provided by

[40] Expert contributions by the ECDN in collaboration with the Danish Den Sociale Gældsrådgivning

[41] Eurostat lc_lci_lev. Available at: https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do

Eurostat. Here, the indicator "Labour cost levels by NACE rev.2 activity" [lc_lci_lev][42] may be applied to the working hours per advice case, this way identifying the costs per working hour for debt advice while accounting for the country-specific economic context. Given that debt advice is, when available in the country, delivered by the public sector or the social sector (i.e. NGOs), the sector selected within NACE Rev.2 for the scope of this study is the "*Human health and social work activities*"[43].

By applying the labour cost indicator from Eurostat to the working hours for debt advice, it is possible to provide a "*debt advice cost per hour (simple case), by advice case and by country*" according to the complexity of the case. This means that the LCI was multiplied by the number of hours needed per case complexity. Thus, the table below shows the cost per case (one individual).

Table 8: Labour cost by country and debt advice case, 2019

GEO/INTENSITY	Average	Simple	Intermediate	Complex
Austria	€ 103	€ 34	€ 684	€ 1,710
Belgium	€ 95	€ 32	€ 632	€ 1,580
Bulgaria	€ 18	€ 6	€ 120	€ 300
Croatia	€ 35	€ 12	€ 236	€ 590
Cyprus***	€ 36	€ 12	€ 242	€ 605
Czechia	€ 41	€ 14	€ 276	€ 690
Denmark	€ 122	€ 41	€ 816	€ 2,040
Estonia	€ 39	€ 13	€ 262	€ 655
Finland	€ 91	€ 30	€ 606	€ 1,515
France*	€ 89	€ 30	€ 594	€ 1,485
Germany	€ 97	€ 32	€ 644	€ 1,610
Greece	€ 36	€ 12	€ 242	€ 605
Hungary	€ 20	€ 7	€ 134	€ 335
Ireland	€ 100	€ 33	€ 664	€ 1,660
Italy	€ 88	€ 29	€ 586	€ 1,465
Latvia	€ 29	€ 10	€ 196	€ 490
Lithuania	€ 29	€ 10	€ 196	€ 490
Luxembourg	€ 130	€ 43	€ 868	€ 2,170
Malta	€ 51	€ 17	€ 342	€ 855
Netherlands**	€ 112	€ 37	€ 746	€ 1,865
Poland	€ 30	€ 10	€ 202	€ 505
Portugal	€ 42	€ 14	€ 278	€ 695
Romania	€ 31	€ 10	€ 206	€ 515
Slovakia	€ 38	€ 13	€ 254	€ 635
Slovenia	€ 57	€ 19	€ 378	€ 945
Spain	€ 72	€ 24	€ 482	€ 1,205
Sweden	€ 100	€ 33	€ 664	€ 1,660

[42] https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do

[43] https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lc_lci_lev&lang=en

GEO/INTENSITY	Average	Simple	Intermediate	Complex
United Kingdom	€ 86	€ 29	€ 574	€ 1,435
TOTAL	€ 66	€ 22	€ 440	€ 1,100

* Data from 2016; ** Data from 2018; *** as data for Cyprus are not available, estimates from Greece were used instead
Source: Eurostat

Applying these costs to the total number of households in arrears in 2019 (see ***Table 17***), so to have an understanding of the overall costs that would apply in the case that not only persons with unmanageable debts receive advice but also for households that might eventually become over-indebted, the total average costs for the EU27 and UK would be EUR 2 billion, while the total costs if all the households in arrears were complex cases, would reach EUR 34 billion. In order to adjust to the total costs in the EU only (EU27), the costs for all households in arrears falling under the "average case" category would reach EUR 1 billion, while if all households in arrears would fall under a "complex case" category, the total costs would reach EUR 16.9 billion. It is important to note, that not all households in arrears would require debt advice services and that the majority of advice cases are considered to be "simple", following experts' insights indicated earlier in this report as well.

The table below shows the split of total costs by country and case intensity if all households in arrears were situated in each category of intensity.

Table 9: Total costs of advice per case intensity

GEO/INTENSITY	Average	Simple	Intermediate	Complex
Austria	€ 17,491,007	€ 5,773,730	€ 116,153,870	€ 290,384,676
Belgium	€ 25,470,564	€ 8,579,558	€ 169,446,278	€ 423,615,696
Bulgaria	€ 14,189,697	€ 4,729,899	€ 94,597,980	€ 236,494,950
Croatia	€ 8,139,607	€ 2,790,722	€ 54,884,207	€ 137,210,518
Cyprus	€ 2,223,742	€ 741,247	€ 14,948,485	€ 37,371,213
Czechia	€ 5,537,034	€ 1,890,694	€ 37,273,690	€ 93,184,224
Denmark	€ 21,451,882	€ 7,209,239	€ 143,481,442	€ 358,703,604
Estonia	€ 2,053,643	€ 684,548	€ 13,796,265	€ 34,490,663
Finland	€ 25,925,582	€ 8,546,895	€ 172,647,279	€ 431,618,198
France	€ 224,054,972	€ 75,524,148	€ 1,495,378,130	€ 3,738,445,326
Germany	€ 150,757,031	€ 49,734,278	€ 1,000,902,353	€ 2,502,255,882
Greece	€ 66,322,800	€ 22,107,600	€ 445,836,600	€ 1,114,591,500
Hungary	€ 9,238,208	€ 3,233,373	€ 61,895,994	€ 154,739,984
Ireland	€ 20,630,400	€ 6,808,032	€ 136,985,856	€ 342,464,640
Italy	€ 136,888,224	€ 45,110,892	€ 911,551,128	€ 2,278,877,820
Latvia	€ 2,485,712	€ 857,142	€ 16,799,983	€ 41,999,958
Lithuania	€ 3,111,137	€ 1,072,806	€ 21,026,998	€ 52,567,494
Luxembourg	€ 945,360	€ 312,696	€ 6,312,096	€ 15,780,240
Malta	€ 800,374	€ 266,791	€ 5,367,211	€ 13,418,028
Netherlands	€ 35,490,560	€ 11,724,560	€ 236,392,480	€ 590,981,200
Poland	€ 32,973,438	€ 10,991,146	€ 222,021,149	€ 555,052,873
Portugal	€ 10,104,772	€ 3,368,257	€ 66,883,964	€ 167,209,911
Romania	€ 35,831,734	€ 11,558,624	€ 238,107,654	€ 595,269,136
Slovakia	€ 7,346,183	€ 2,513,168	€ 49,103,432	€ 122,758,581

GEO/INTENSITY	Average	Simple	Intermediate	Complex
Slovenia	€ 6,290,064	€ 2,096,688	€ 41,713,056	€ 104,282,640
Spain	€ 125,753,501	€ 41,917,834	€ 841,849,825	€ 2,104,624,562
Sweden	€ 24,645,860	€ 8,133,134	€ 163,648,510	€ 409,121,276
Total EU-27	**€ 1,016,850,888**	**€ 338,950,296**	**€ 6,779,005,917**	**€ 16,947,514,792**
United Kingdom	€ 1,020,794,097	€ 344,221,265	€ 6,813,207,111	€ 17,033,017,778
TOTAL	**€ 2,038,831,954**	**€ 679,610,651**	**€ 13,592,213,028**	**€ 33,980,532,570**

4.2 Benefits of advice

The key finding of the Debt Advice Stakeholder Forum held by the European Commission in 2018[44] is that debt advice "*benefits all involved actors as it is a powerful tool to help over-indebted people who face an unsustainable debt burden and economic distress…*". Over-indebtedness has a number of impacts on the individual, as has been shown earlier in this report. These negative impacts can scale up to national level, which then may generate costs, the costs of over-indebtedness. The overall underlying idea of the benefits of providing free-of charge and quality debt advice lies in the potential to decrease the costs of over-indebtedness through various layers. The main reasoning followed by most countries is that debt advice generally leads to a decrease of debt levels while generating an increase of quality of life of the debtor taking advice.[45]

With regards to the benefits of the debt advice, clients include the ability of debtors to find a new or keep their job or the improvement of their psychological and physical health and wellbeing. According to a study by Europe Economics (2016), these can scale up from the individual to the overall society through the mitigation of expenditures including those related to healthcare and an increased credit repayment amount.[46] Overall, the study (Clifford et al. (2014) p.11) analyses 12 main impact areas of debt advice and in order to identify the effects of debt advice[47]. It follows a counterfactual approach by surveying an advised group and an unadvised group, both of which were comprised by individuals classified as over-indebted. Where possible, the impacts were quantified through the expected costs of over-indebtedness that debt advice might help avoid or defer:

- **Improved mental and physical health**: debt advice has proven to be socially beneficial through improving the quality of life of those who access these services. For instance, leaving non-mortgage debt was linked to improvement of +0.35 for quality-of-life index and decrease of -0.06 for depressive symptoms. Debt advice has beneficial impacts upon the incidence of depression, anxiety and panic attacks, which in turn decreases the costs of healthcare system through avoidance of psychological or psychiatric treatments amongst others;
- **Improved productivity:** financial distress often leads to lower productivity such as through absenteeism or presenteeism-based effects. While the effects of resolving financial difficulties on the recovery of productivity is less clear, an

[44] European Commission (2018). First Stakeholder Forum on Debt Advice. Available at: https://ec.europa.eu/info/sites/info/files/conclusionsdebt_advice_forum_.pdf

[45] See for example Berden, C., & Kok, L. (2011). Kosten en baten van welzijn en maatschappelijke dienstverlening.

[46] Europe Economics for the Money Advice Service (2018). The Economic Impact of Debt Advice. Available at: https://www.moneyadviceservice.org.uk/en/corporate/economicimpactdebtadvice

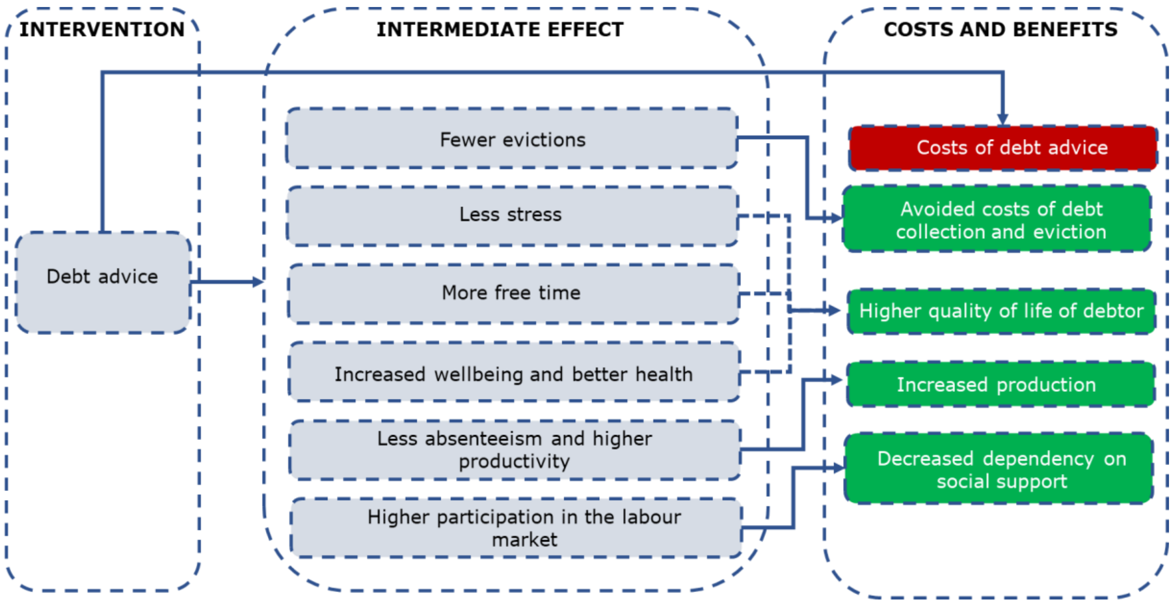
[47] No effects were identified with regards to debt advice delaying entry into elderly care homes, the link between over-indebtedness and petty or desperation crime and the impacts of advice on benefits with regards to credit cycle is weak but the effects on employment are identified as plausible.

improvement of well-being due to debt advice potentially contributing to an increase in productivity;

- **Impact on creditor recovery:** It is estimated that debt advice can have a positive impact on creditors by improving the recovery rate and lowering the costs for debt collection. The full impact and relationship of debt advice on benefits to the creditor are however less clear;
- **Impact on risk of further debt cycles:** Debt advice is found to reduce the risk of debtors to enter further debt cycles but might only defer debt recycling rather than prevent it. Given the comparably long timeframe necessary to quantify this impact, a full estimation is not possible;
- **Benefits for small businesses**: Self-employment is commonly linked to personal funding and debt advice increases wellbeing for its owners, as well as business continuity, though evidence is scarce;
- **Improvements in family relationships:** Literature has shown a link between financial difficulties and relationship breakdowns, though empirical and quantitative evidence of how debt advice helps to resolve relationship difficulties is overall less available;
- **Impacts on experiencing homelessness:** Unmanageable debt often increases the chance of losing their homes, either directly through repossession or indirectly through unexpected loss of income leading to a lack of resources to cover expenses. Here, the direct effects of debt advice are difficult to isolate from other factors; and
- **Impacts on credit access:** While debt advice could lead to an initial negative impact of a reduction of a credit score compared to those who do not receive advice, it might lead to an improved post-advice recovery, which is why an estimation of the impacts was not possible.

A summary of the potential effects of debt advice and its costs and benefits is shown in the figure below.

***Figure 4: Effects of debt advice*[48]**



Source: SEO Economisch Onderzoek (2011), p.34

Looking at the improvement of mental and physical health, among 20 EU countries an increase of 0.54% in completed suicides for every 1% increase in indebtedness was

[48] SEO Economisch Onderzoek (2011). Kosten en baten van welzijn en maatschappelijke dienstverlening.

observed. A survey of 1,546 debt advice clients resulted in 47% indicating that they had visited a General Practitioner (GP) as result of their debt. 5% of respondents indicated that the debt had led them to a hospital accident and emergency departments and 7% to other departments. 71% of survey respondents reported experiencing insomnia, 70% low energy and 66% headaches. Without interventions, up to two-thirds of people with unmanageable debt problems still face health problems 12 months later. [49]

There is evidence that debt advice can, both directly and indirectly, contribute to better mental health. Debt advice can indirectly benefit clients by reducing their debt by negotiating with creditors, budgeting assistance and restructuring debt, and thus lessening the negative consequences of over-indebtedness on mental health.[50] However, debt advice can also more directly impact the psychological aspects of over-indebtedness. For example, Seleneko & Batinic (2011) show that the connection between over-indebtedness and psychological distress is mediated by the client's subjective perception of financial strain. This means that debt counselling can improve the mental health of clients, not just by directly managing their debt situation, but also indirectly by improving their own perception of their financial situation. Clients feel more at ease and less pessimistic about their debt problem, when speaking with a debt counsellor. Similar results are reported by Atfield (2018), stating that receiving debt advice was rated very positively by over-indebted individuals, even in those cases where debt advice did not reduce the debt itself. This is because debt advice procedures provided comfort, as a form of psychological support. In other words, the utility of debt advice services lies not only in the result, but the debt advice process itself. Andelic (2019a; 2019b) finds that non-verbal cues and positive emotional signals lead to positive outcomes in communication, especially when the topic is as personal as debt problems. Face-to-face advice where counsellors deliberately display empathy and signs of listening elicit more positive responses from those who receive the advice. Among the most comprehensive research into the role debt advice can play in mitigating negative psychological and mental health impacts of over-indebtedness is located in the United Kingdom. In their 10-year longitudinal study of clients of debt advice services, Atfield et al (2015:11)[51] emphasised the important role played by advice services, beyond their capacity to deal with debts, in providing debtors with "someone to talk to about their problems" in a situation that is profoundly isolating and shameful. Based upon interviews with debt advisers in Denmark, Rambøl (2020: 29) similarly emphasises the value for debtors of having a trusted figure to open and assess correspondence with creditors that they have been too anxious to open. For Atfield et al (2015: 11), this capacity of debt advice services to mitigate psychological impacts relies upon their ability to provide 'holistic' debt advice, where debt issues can be addressed alongside "health and well-being concerns".

Following the potential impacts of over-indebtedness on individuals and households, debt advice services have also shown to improve productivity and employment, personal relationships and child welfare, amongst others. Other reports found that debt advice can also support debtors in keeping their homes and remain an active member of the economy, considering that costs of debt advice are estimated to be lower than expenditure for support to people who have lost their homes.[52]

A study conducted by the Swedish Consumer Agency with debt advice participants in 2014 showed that most participants found the services to have been of great

[49] Tinella, M., McDaid, D., Knapp, M., & Guy, D. (2019). Providing debt advice: Economic evidence.

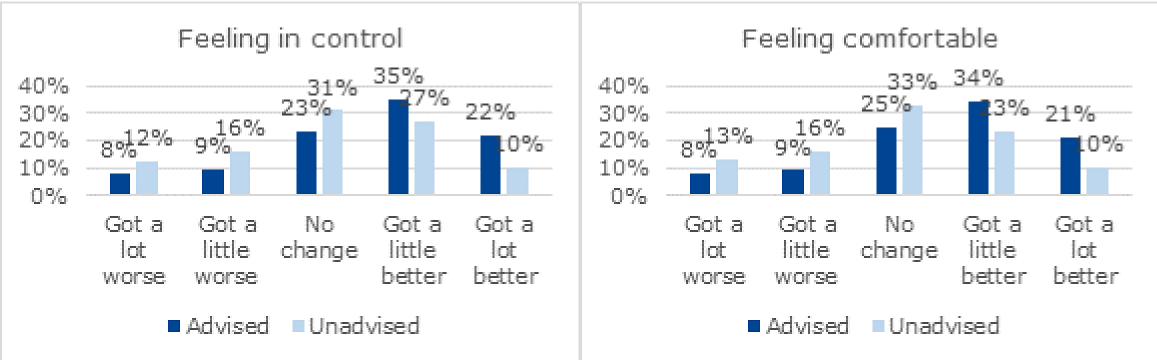
[50] Turunen, E. & Hiilamo H. (2014) "Health effects of indebtedness: a systematic review", BMC Public Health, Vol. 14, No. 1, p. 489.

[51] Atfield, G., Robert Lindley and Michael Orton (2016) "Living with debt after advice: A longitudinal study of people on low incomes. York: Friends Provident Foundation. Available from https://warwick.ac.uk/fac/soc/ier/publications/2016/atfield_et_al_2016_fp.pdf. Accessed 31/10/2020

[52] Habitat for Humanity (2015). Thoughts about the abolition of the debt advice services. Available at: https://habitat.hu/blog/2015/02/gondolatok-az-adossagkezelesi-szolgaltatas-megszuntetesevel-kapcsolatban-3/

significance for helping to manage their financial situation and improving their self-esteem. According to the participants, the services had also helped them cope or decrease their feeling of hopelessness and they stated that it has had a significant impact on the success of the debt reconstruction.[53] This is the same tendency found in other studies, such as a report by IFF Research (2012) which identified that advice seekers thought that the solutions had helped them to decrease their debt levels to some degree (71%) or a lot (28%).[54] Another study in Spain showed that 71% of debtors consulted believed that the services had empowered them when they negotiated with creditors and 52% indicated that the advice calmed them down.[55] Feeling in control of and feeling comfortable with the financial situation was also surveyed in the Europe Economics (2018) study, comparing individuals that were advised to those that were not. The results are presented in the figures below.

Figure 5: Feelings with regards to the financial situation of over-indebted individuals



Source: Europe Economics (2018), p.25

There is a similar tendency when looking into the results of the interviews conducted for this study. Across most countries, providers of debt advice considered the perception of the people that received advice to be very positive, for example due to the neutral position of the debt advisor[56] or the natural role of an advisor not forcing certain actions but suggesting solutions[57]. The main gap to this positive view is the general level of stigma associated with experiencing financial problems and the resulting shame to accessing the support services. Once they have been accessed, debtors indicated to be satisfied with the services.[58]

Looking into the success of actions taken to solve debt problems, the study conducted by Europe Economics in 2018 also identified differences between over-indebted survey participants that were advised, compared to those that were not advised, as shown in the figure below.

[53] Konsumentverket (2014). Är skuldsanering rehabiliterande? Available at: https://www.konsumentverket.se/globalassets/publikationer/produkter-och-tjanster/bus-och-kvl/rapport-2014-12-ar-skuldsanering-rehabiliterande-konsumentverket.pdf

[54] IFF Research (2012). Research Report: User needs from debt advice - Indvidual and Stakeholder Views. Prepared for Money Advice Service

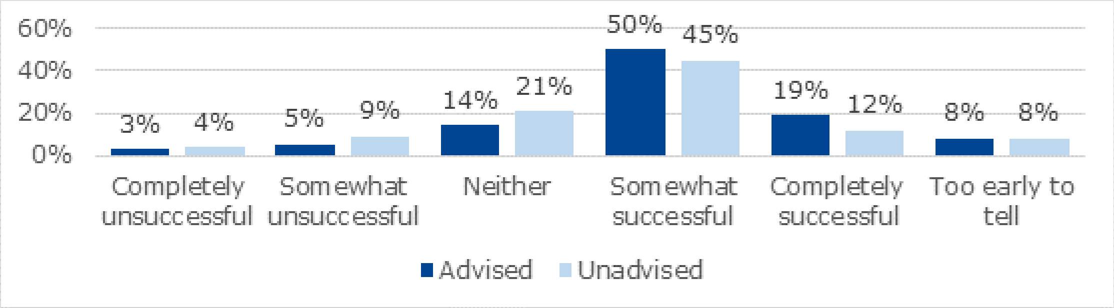
[55] Ceballos Pena, D. (2013). Foreclosure mediation: a new phenomenon of coping with conflicts in an environment of social crisis. Available at: https://revistademediacion.com/en/articulos/foreclosure-mediation-a-new-phenomenon-of-coping-with-conflicts-in-an-environment-of-social-crisis/

[56] Interview with an NGO in Slovenia

[57] Interview with a debt advisor in Sweden

[58] For example indicated in an interview by a Consumer organisation in Portugal

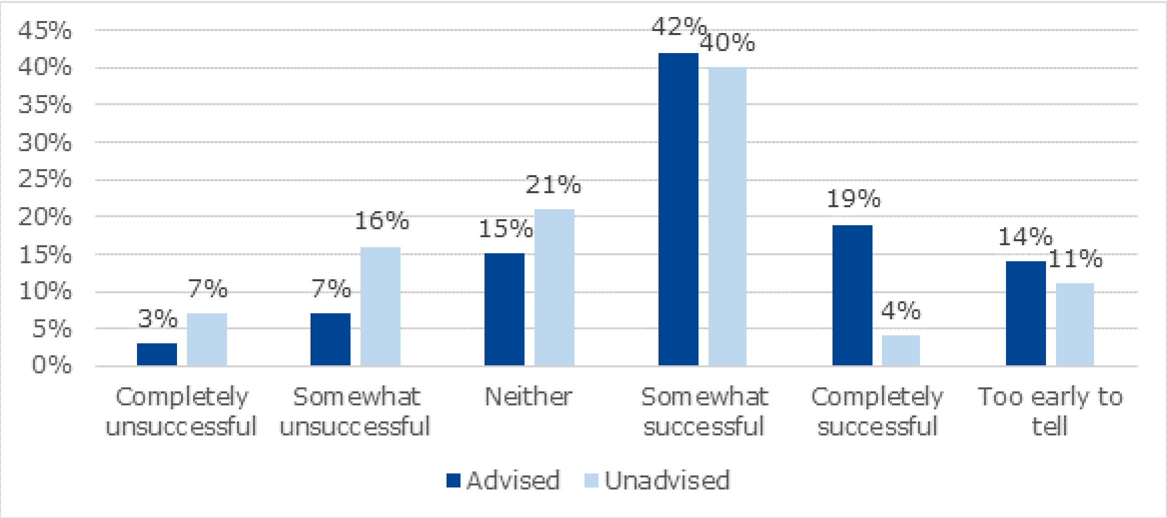
Figure 6: Success of debt advice



Source: Europe Economics (2018) analysis, p. 24

The difference between the success ratio increases when looking only at the group of over-indebted individuals where the debt-to-income ratio is above 1 is shown in the figure below.

Figure 7: Success of debt advice when debt-to-income ratio is greater than 1



Source: Europe Economics (2018), p. 25

There are a few studies at national level which attempted to quantify/monetise the benefits of free-of-charge debt advice. These studies measure or quantify the benefits of debt advice provision through a reduction of the costs borne by the government that result from the negative impacts of over-indebtedness. The box below provides insights into these countries' estimations.

AUSTRIA

In Austria, financial and economic benefits of debt advice services were estimated at EUR 5.30 return on investment for every EUR 1 spent. Other benefits are expected for creditors, as debt advice services have competent and reliable consultants that facilitate the communication between the debtors, creditors, and courts. Creditors may experience considerable times savings in obtaining information on the overall situation of the debtors and the probability of achieving and appropriate repayment rate increases.[59] The study showed the benefits brought to different sectors and actors. In order to understand the potential benefits or return on investment also for

[59] ASB Schuldenberatungen GmbH (2020). 14. Österreichischer Schuldenreport (14th Austrian Debt Report). Available at: https://www.schuldenberatung.at/downloads/infodatenbank/schuldenreport/asb_Schuldenreport2020.pdf?m=1587454366&

other countries, the table below shows the estimated benefits for Austria and the shares across the various sectors.

Table 10: Benefits generated through debt advice services per sector[60]

Sector	EUR	%
Clients	36,000,000	63
Social institutions	540,000	1
Creditors	180,000	0.3
Employee provision funds	15,000,000	26
Public funds	2,700,000	5
Employers	2,700,000	5
District courts	100,000	0.2
TOTAL	**57,220,000**	**100**

GERMANY

A study in Germany conducted by the German Institute for Social Economy (Deutsches Institut für Sozialwirtschaft – DISW) (2017)[61] estimated the Return on Investment of publicly funded debt advice services across four benefit characteristics.

- Characteristic 1: Of the 20% employable advice seekers, 25% would have experienced a job loss without social debt advice;
- Characteristic 2: 0.56% of the debt advice seekers were dependent on unemployment benefits and were expected to be included again to the labour market throughout the procedure;
- Characteristic 3: for 4.5% of advice seekers that are unemployed the probability of integration to the labour market increases in the long-term, no short-term benefits were monetised;
- Characteristic 4: an estimated 175 debt advice seekers achieve an out-of court agreement, saving the costs of insolvency proceedings.

Following these benefits of advice and saved costs due to these effects, the study identified a return on investment of up to 200% or in other words, for every EUR 1 invested in social debt advice services a return of EUR 2.

NETHERLANDS

There are several cost-benefit analyses of the provision of debt advice conducted in the Netherlands. They mostly build on the theoretical basis of the effects of over-indebtedness and the avoided social costs achieved through debt advice, as visualised before. These cost-benefit analyses range from municipality level[62], an overall level per inhabitant[63] and based on a fictional region by generating different scenarios of number of clients reached[64].

In order to compare to the other countries' analyses, the ratio between the costs spent on debt advice and the resulting return or investment is calculated using the study by Integraal Inwonersbeleid en Processen (2009). In this study, the estimated

[60] ASB Schuldenberatungen GmbH (2013). Studie zum gesellschaftlichen und ökonomischen Nutzen der Schuldenberatungen (Study on the societal and economic utility of debt advisory services). Available at: https://www.schuldenberatung.at/downloads/fachpublikum/asb_SROI_Analyse_Zusammenfassung_EndV.pdf?m=1371019248&

[61] Langer, A. u.a. (2017) Bericht zum Forschungsvorhaben Herausforderungen moderner Schuldnerberatung, 52 f.

[62] Regioplan (2011). Maatschappelijk rendement van vrijwilligersprojecten in de schuldhulpverlening.

[63] Integraal Inwonersbeleid en Processen, afdeling BIS (2009). Het topje van de ijsberg: Maatschappelijke kosten-batenanalyse schuldhulpverlening Spijkenisse.

[64] Dutch Ministry of Social and Labour Affairs (2011). Kosten en baten van schuldhulpverlening.

costs per year are EUR 1,466,500 while the overall benefits per year range from EUR 2,091,962 to EUR 2,881,482.

Adjusting this, per EUR 1 invested there is an expected benefit of EUR 1.4 to EUR 2.

UNITED KINGDOM

In the UK, a study by Europe Economics in 2018 (pp.2-32) showed that if all impacts of over-indebtedness and all the quantifiable effects of debt advice are taken into account, "*combing these impacts with estimates of the healthcare system costs of treating these conditions and the scale of the advised over-indebted population indicate that the benefit in terms of reduced mental health care costs due to debt advice is between £50 and £93 million per annum. (...) We estimate that avoiding an episode related to depression or anxiety would have a QALY impact of £600–£800 per person. This equates to £24–£52 million per annum of additional social benefit. (...) The estimated present value of the benefit per debt management plan (DMP) is £2,020–£3,670 and in an insolvency solution is £1,760–£2,610 (being both the additional recovery of debts by creditors and also savings in the cost of recovery). We used these data to estimate that the per annum benefit associated with receiving debt advice is around £268–£596 million per annum in additional creditor recovery and reduced costs*."[65] Furthermore, the studies identify an overall benefit of GBP 2.6 for every GBP 1 spent on face-to-face debt advice[66], while when accounting for the likelihood of people with debt problems to develop mental health issues being 33% higher than for those without debt problems, the total return on investment (ROI) reaches GBP 4.41 [EUR 4.9] for every GBP 1 [EUR 1.1] invested[67]. However, not only does debt advice relate to savings for the state expenditures, but debt advice clients also report an improvement of health (41% of surveyed clients) and a reduction of stress (67% of clients surveyed).[68]

Considering these country examples, it becomes clear that the real benefits of debt advice depend mainly on the social costs of over-indebtedness avoided. Similar to the cost estimation, a country comparison based on the various sub-categories of potential benefits, or avoided costs, would require further research into the different costs in each country (i.e. health care costs) which are also tied to the specificities of each country's social system[69]. However, in order to apply an estimation of the potential benefits of deploying a universally available and freely accessible system of debt advice in every country, this study uses ranges of estimated returns per EUR spent on advice (min. EUR 1.4, max. EUR 5.3). In order to compare the potential total costs of advice services to the potential benefits, the same calculation logic was applied. This means that based on the assumption that all households in arrears would represent an "averagely complex advice case", the minimum benefits would transfer to the costs multiplied by EUR 1.4 return on investment whereas the maximum benefits would imply the costs multiplied by EUR 5.3. Here it is also important to note, that this calculation was conducted on a general level so as to ensure a comparability across countries and Member States. In reality, there are differences in countries in terms of the social costs of over-indebtedness, meaning that the benefits would depend on those cost levels.

[65] Europe Economics for the Money Advice Service (2018). The Economic Impact of Debt Advice. Available at: https://www.moneyadviceservice.org.uk/en/corporate/economicimpactdebtadvice

[66] Public Health England (2017). Commissioning cost-effective services for promotion of mental health and wellbeing and prevention of mental III-health.

[67] Tinella, M., McDaid, D., Knapp, M., & Guy, D. (2019). Providing debt advice: Economic evidence.

[68] London Economics (2012). Debt advice in the UK: Final report for The Money Advice Service

[69] For instance, there is no harmonised unemployment support system across Europe and each country applies their own approach

Looking into an average case, the total potential benefits of providing debt advice to all households in arrears[70] are shown in the table below.

Table 11: Potential total costs and benefits of providing debt advice to all households in arrears across Europe

GEO/INTENSITY	COSTS	BENEFITS	
		Min	Max
Austria	€ 17,491,007	€ 19,240,107	€ 92,702,336
Belgium	€ 25,470,564	€ 28,017,620	€ 134,993,989
Bulgaria	€ 14,189,697	€ 15,608,667	€ 75,205,394
Croatia	€ 8,139,607	€ 8,953,568	€ 43,139,917
Cyprus	€ 2,223,742	€ 2,446,116	€ 11,785,830
Czechia	€ 5,537,034	€ 6,090,737	€ 29,346,278
Denmark	€ 21,451,882	€ 23,597,070	€ 113,694,976
Estonia	€ 2,053,643	€ 2,259,007	€ 10,884,305
Finland	€ 25,925,582	€ 28,518,140	€ 137,405,582
France*	€ 224,054,972	€ 246,460,470	€ 1,187,491,354
Germany	€ 150,757,031	€ 165,832,735	€ 799,012,26
Greece	€ 66,322,800	€ 72,955,080	€ 351,510,840
Hungary	€ 9,238,208	€ 10,162,029	€ 48,962,502
Ireland	€ 20,630,400	€ 22,693,440	€ 109,341,120
Italy	€ 136,888,224	€ 150,577,046	€ 725,507,587
Latvia	€ 2,485,712	€ 2,734,283	€ 13,174,273
Lithuania	€ 3,111,137	€ 3,422,251	€ 16,489,028
Luxembourg	€ 945,360	€ 1,039,896	€ 5,010,408
Malta	€ 800,374	€ 880,411	€ 4,241,980
Netherlands	€ 35,490,560	€ 39,039,616	€ 188,099,968
Poland	€ 32,973,438	€ 36,270,782	€ 174,759,221
Portugal	€ 10,104,772	€ 11,115,249	€ 53,555,289
Romania	€ 35,831,734	€ 39,414,908	€ 189,908,192
Slovakia	€ 7,346,183	€ 8,080,801	€ 38,934,769
Slovenia	€ 6,290,064	€ 6,919,070	€ 33,337,339
Spain	€ 125,753,501	€ 138,328,851	€ 666,493,554
Sweden	€ 24,645,860	€ 27,110,446	€ 130,623,058
Total EU27	€ 1,003,044,209	€ 1,404,261,893	€ 5,316,134,308
United Kingdom	€ 1,020,794,097	€ 1,122,873,506	€ 5,410,208,713
TOTAL	**€ 1,815,102,736**	**€ 1,996,613,009**	**€ 9,620,044,499**

Source: VVA & CEPS calculations using the total costs of debt advice (average case of 3 hours) calculated using the labour cost indicator [Eurostat lc_lci_lev] of 2019 multiplied by 3 hours multiplied by the number of households in arrears in 2019. The benefits were calculated by multiplying the costs with EUR 1.4 for the minimum ranges and multiplied by EUR 5.3 for the maximum ranges.

One identified potential barrier between the benefits generated through debt advice and the incentives to invest has been assessed in a study in Sweden. Here, the municipalities fund debt advice services while the study has identified the overall country's healthcare and social insurance systems to benefit the most from the existence of good quality budget and debt counselling. This discrepancy of local municipalities investing in the services while the gains of the intervention only becoming clear long-term and on macro level, might decrease the incentives for the municipalities to continue providing the services.[71]

Looking at the importance of dealing with household over-indebtedness on a macrolevel, evidence shows that economic downturns are more severe when they are preceded by larger increases in household debt.[72] Indeed, the IMF study on household debt (2012) identifies that an accumulation of household debt amplifies slumps. Experiencing a shock to the borrowing capacity of debtors that force them to reduce

[70] Based on the underline assumption that no debt advice is provided in any countries (EU27 and in the UK)

[71] Konsumentverket (2011). Budgetrådgivning – en kortsiktig kommunal kostnad eller en lönsam social investering. Available at: https://www.konsumentverket.se/globalassets/publikationer/produkter-och-tjanster/bus-och-kvl/rapport-2011-11-budget-och-skuldradgivningsrapport-kortsiktig-eller-lonsam-konsumentverket.pdf

[72] International Monetary Fund (2012). Dealing with household debt (Chapter 3).

their debt often translate to a decrease in aggregate activity, i.e. household consumption. The study also analyses policy responses to financially distressed households to mitigate aggregate effects of unsustainable household debt. One of the policy actions assessed is automatic support to households through a social safety net, meaning that automatic transfers to households with distressed balance sheets could reduce the risk of households to default and avoid the linked negative externalities. Another important policy action raised in the study is support for household debt restructuring (e.g. voluntary out of court household debt restructuring), that could help restore the ability of debtors to service their debt.

5 Demand for debt-advice service and mapping of current needs

The aim of this section is trying to get some insights about the unsatisfied demand of debt of debt advice, considering the need for debt advice and the current provided debt advice.

5.1 Demand for debt-advice service

We start from data available about debt and indebtedness within the European Union, in order to provide an overview of which countries are affected by the phenomenon.

Defining household (over-) indebtedness

A generally accepted definition of over-indebtedness does not exist yet.[73] However, a 2013 study by Civic Consulting provided a description, which aligned with the needs of this project. The description reads as follows: "*Households are considered over-indebted if they are having – on an on-going basis – difficulties meeting (or are falling behind with) their commitments, whether these relate to servicing secured or unsecured borrowing or to payment of rent, utility or other household bills. This may be indicated by, for example, credit arrears, credit defaults, utility/rent arrears or the use of administrative procedures such as consumer insolvency proceedings.*"[74]

The six main triggers of over-indebtedness are low income (poverty),[75] unemployment, separation and divorce, illness, consumer behaviour and failed self-employment,[76] whereby over-indebtedness is usually multi-causal.[77]

Living beyond one's means is also a main trigger, but in relation to all the other triggers only relevant in about 10% of the cases.[78] This is often driven by relaxed lending practices, easy access to credit (overdraft, credit cards, zero percent financing) and high-income expectations.[79] Other reasons are aggressive advertising and debt restructuring procedures by lenders.[80]

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[73] A common definition does not exist, see: CIVIC Consulting (2013). The over-indebtedness of European Households: Updated Mapping of the Situation, Nature and Causes, Effects and Initiatives for Alleviation its Impacts, Final Report. Part 1: Synthesis of findings, 22 ff. Available at: https://ec.europa.eu/info/sites/info/files/final-report-on-over-indebtedness-of-european-households-synthesis-of-findings_december2013_en.pdf

[74] CIVIC (2013), p. 21

[75] CIVIC (2013), p. 78.

[76] Identified Triggers for over-indebtedness in Germany see: Korczak, D. (2019) Debt Advice and Over-Indebtedness in Europe, in: Money Matters No. 16/2019, 13. Available at: https://www.researchgate.net/publication/334494621_Debt_Advice_and_Over-Indebtedness_in_Europe.

[77] Peters, S./Größl, I (2020) iff-Überschuldungsreport, Hamburg, p. 19. Available at: https://www.iff-hamburg.de/wp-content/uploads/2020/06/iff-ueberschuldungsreport-2020_web.pdf; Keese (2009) Triggers and Determinants of Severe Household Indebtedness in Germany, Ruhr Economic Papers #150. Available at: https://www.rwi-essen.de/media/content/pages/publikationen/ruhr-economic-papers/REP_09_150.pdf.

[78] Peters, S./Größl, I (2020) iff-Überschuldungsreport, Hamburg, p. 19.

[79] Klühs, T., Koch, M., Stein, W. (2020) Haushaltsüberschuldung hängt mit zu hohen Einkommenserwartungen und gelockerter Kreditvergabe zusammen, in: DIW-Wochenbericht No. 11-2020, 176-181.

[80] Moers, I. (2020) Herausforderungen moderner Schuldnerberatung (Lecture), p.6, Available at: https://www.diw.de/documents/dokumentenarchiv/17/diw_01.c.725314.de/wsiv-finkomverschuldung-200131-moers.pdf

It is unclear whether lower financial literacy correlates with a higher risk of over-indebtedness[81] and financial education could prevent over-indebtedness. However, lack of financial education is not one of the six causes of over-indebtedness listed above.

Sales practices and credit products are also seen as drivers of over-indebtedness. Debt advice organisations report, that certain credit products like revolving credit cards are also triggers for over-indebtedness.[82] Debt rescheduling by banks and the abusive sale of residual debt insurance policies are also seen as a factor in rising debt.[83]

In addition, the European Commission study of 2008[84] proposed criteria to determine whether a household is over-indebted. These criteria combined a focus upon household's inability to meet their payment commitments ongoing basis and cover borrowings (mortgages, consumer loans, etc.), but also others such as rent, utility and other payment commitments.

Different definitions are also applied at national level. For instance, in the United Kingdom, the term "over-indebtedness" is linked to the term "problem debt". These are often used interchangeably, as they were in a key report on debt produced by the National Audit Office (NAO 2018)[85]. The focus upon "problem debt" raises an additional concern when considering "over-indebtedness", namely that to be over-indebted is also to be unable to maintain payments on the most problematic debts, i.e. those for which the consequences of non-payment are the most significant.

Considering the variety of definitions of over-indebtedness, it is evident that the choice of a universal indicator is a very difficult task. Based on the results of the literature, some of the mostly used indicators are:

- *Cost of servicing debt* (e.g. debt to income ratio), in which both secured and unsecured debts could be considered (secured debt have a warranty, thus are deemed less dangerous).
- *Debt to assets ratio*, which considers the capability of the creditor to obtain the repayment of the debt through the sale of the assets of the debtor;
- *Legal-based variables* like rate of default, rate of credit delinquencies or average liabilities per bankruptcy (Betti et al, 2001);
- *Proportion of households perceiving themselves to be in difficulty*;
- Measures based on *arrears* (e.g. number of months);
- *Number of loans*: the assumption is that, above a certain number, loans should always be considered as a heavy burden (D'Alessio and Iezzi, 2013);
- *People that contact debt advice agencies* (very different methodology and measurement across countries, it does not exist everywhere).

The use of various indicators gives different answers to the estimate of over-indebtedness because they are likely to capture different debt problems and do not

[81] Bouyon, S., Musmeci, R. (2016) Two Dimensions of Combating Over-Indebtedness: Consumer protection and financial stability, in: ECRI Research Report No. 18, October 2016, 8. Available at: https://www.ceps.eu/download/publication/?id=9655&pdf=ECRI%20RR%20No%2018%20Over-indebtedness_0.pdf see lack of financial literacy as a trigger: "Measuring and promoting financial literacy are, therefore, core elements in order to strengthen consumers' ability to avoid and cope with over-indebtedness". Moers, I. (2020), 8: „Persons in debt have no less financial competence than the average. Due to their overburdened situation, however, they cannot (any longer) call up their knowledge rationally."

[82] Eurodiaconia (2015) Policy Paper: Household Over-Indebtedness in the European Union, 5.

[83] See for example Coppola (2019) The U.K.'s Biggest Financial Scandal Bites Its Biggest Bank – Again, in: Forbes online. Available at: https://www.eurofound.europa.eu/publications/report/2020/addressing-household-over-indebtedness "The picture was particularly bleak for people in financial difficulties who were taking out consolidation loans: a new PPI contract could be attached to each rolled-over loan, resulting in escalating premiums and increasing indebtedness."

[84] European Commission (2008), Towards a common operational European definition of over-indebtedness, Publication Office of the European Union, Luxembourg. Available at: https://op.europa.eu/en/publication-detail/-/publication/6a109c57-e618-422b-bb5c-d931ad47e976.

[85] National Audit Office (2018), Tackling problem debt. Available at: https://www.nao.org.uk/wp-content/uploads/2018/09/Tackling-problem-debt-Report.pdf

provide a "unique" measure. Benefits and drawbacks of considered indicators could be summarized as follows:

Table 12: Indicators of household over-indebtedness, strengths and drawbacks

Indicator	Cost of servicing debt	Default-based measures	Households that perceive themselves in difficulty	Arrears-based measures	Number of loans
Benefits	• Very intuitive • Easy to collect data • If poverty line is considered, a commonly accepted benchmark is used	• Easy data collection • May reveal both a risk of over-indebtedness and a very critical situation	• Based on a wide definition • Communicates also risk situations, even if other data lack	• Very intuitive • Easy collection of data	• Easy collection of data
Drawbacks	• One-size-fits all issue • Lack of consideration of financial and real assets • A cutback in credit would be interpreted as a good sign	• Do not measure over-indebtedness directly • Difficult to distinguish "accidental defaults" from people who decide not to pay • Suffer from a lack of international comparability	• Subjective measure • Distortions in case of comparison with an abstract model of well-being	• Difficult interpretation • Don't indicate risk situations • Possible • distortions in case of many arrears of small amounts (need a careful consideration of income level)	• Potentially non-reliable in case of several loan commitments of small amounts (that however can indicate also a great degree of difficulty)

Source: Falanga (2015) Over-indebtedness in the EU: from figures to expert opinions

Data on household (over-) indebtedness used in this study come mainly from two European studies: Eurozone households finance and consumption survey (HFCS)[86] and European Survey on Income and Living Conditions (EU SILC)[87]. The first is a study conducted by the European Central Bank with the participation of various national central banks. It is mainly focused on the Euro area, and it is not specifically directed at over-indebtedness, but it has a section dedicated to debt and publishes some indicators of debt burden and financial fragility (ECB, 2013). The latter is a survey about the general living conditions of European households and shows some data referred to all EU countries about arrears and other situations of financial difficulties (Eurostat, 2014). In addition, some further specifications of information given by these two reports, coming from other authoritative European sources, will be analysed. A third source will be Eurobarometer, which is a survey about perception by European citizens of some relevant issues for the EU.[88] In particular, it deals with feelings of Europeans about risk of becoming over-indebted, that can be interpreted as a subjective indicator of over-indebtedness.

Table 13: Main sources of data used and their characteristics

Source	Responsible of the survey	Reference period	Contents
HFCS	European Central Bank (ECB)	2017	Data about debt and debt burden
EU SILC	Eurostat	2014-2019	Information about households' arrears
		2014-2019	Financial fragility
Eurobarometer	European Commission	2010	People who feel at risk of over-indebtedness

Source: Falanga (2015) Over-indebtedness in the EU: from figures to expert opinions

[86] https://www.ecb.europa.eu/stats/ecb_surveys/hfcs/html/index.en.html

[87] https://ec.europa.eu/eurostat/web/microdata/european-union-statistics-on-income-and-living-conditions

[88] https://ec.europa.eu/commfrontoffice/publicopinion/archives/ebs/ebs_355_en.pdf

Indicators of household (over-) indebtedness

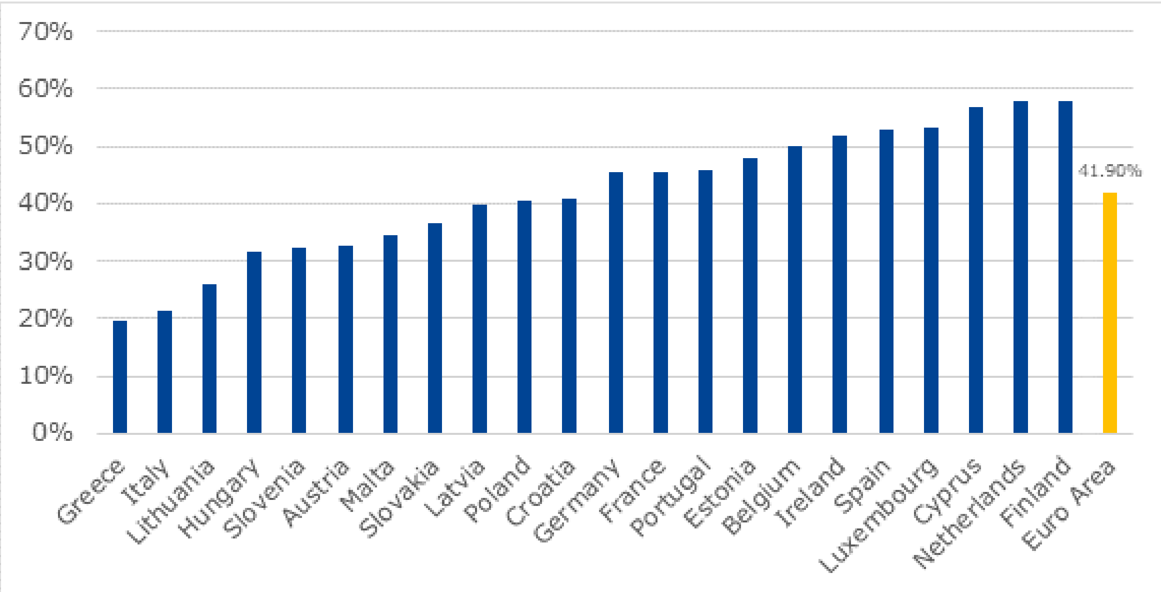
This section provides more detailed insights into these categories of household (over-) indebtedness listed above, as well as an overview of EU Member States' and the UK's current situation across them.

HFCS: Cost of servicing debt

The Household Finance and Consumption Survey (HFCS) provides detailed household-level data on various aspects of household[89] balance sheets and related economic and demographic variables, including income, private pensions, employment and measures of consumption. The latest survey waves were launched in 2014 and in 2017. This section presents the data of the 2017 wave making comparison with the 2014 wave.

Figure 8 presents the share of indebted households in the countries participating at the survey. According to the 2017 data, it is possible to note that Finland (58%), the Netherlands (57.8%), Cyprus (56.8%), Luxembourg (53.2%), Spain (52.7%), Ireland (51.8%), Belgium (49.9%), Estonia (48%), Portugal (45.7%), France (45%) and Germany (45.4%) have a percentage number of households indebted that is higher than the Euro Area average.

Figure 8: Percentage of households holding debt, 2017



Source: ECB - HFCS

In terms of debt composition, mortgage debt is the most significant component of households' debt portfolio by far in all Member State (***Table 14***). However, there are a number of Member States, where non-mortgage debts (e.g. credit consumption) have relatively more weight (above the Euro Area average) in the total portfolio composition. In details, those are:

- Outstanding *balance of credit line/overdraft*: Croatia (9,5%), Malta (4.7%), Lithuania (2.9%), Slovenia (2.5%), Cyprus (2.4%), Hungary (2.2%), Germany (2.1%) and Italy (1.1%);
- Outstanding balance of *credit card debt*: Estonia (2.0%)
- , Greece (1,4%), Croatia (1.2%), Poland (1.2%), Hungary (0.9%), Malta (0.8%), Finland (0.8%), Lithuania (0.7%), Slovenia (0.6%), Cyprus (0.5%), Spain (0.4%), Ireland (0.4%), Latvia (0.3%), and Portugal (0.3%).

[89] A household is defined as a person living alone or a group of people who live together and share expenditures

Table 14: Shares of debt types on total liabilities % of total liabilities, 2017

Member State	Outstanding balance of mortgage debt	Outstanding balance of HMR mortgages	Outstanding balance of mortgages on other properties	Outstanding balance of non-mortgage debt	Outstanding balance of credit line/ overdraft	Outstanding balance of credit card debt	Outstanding balance of other non-mortgage loans
Euro area	**88.0%**	**69.6%**	**18.4%**	**12.0%**	**1.0%**	**0.2%**	**10.9%**
Austria	88.1%	81.9%	6.2%	11.9%	0.9%		10.9%
Belgium	94.1%	81.9%	12.3%	5.9%	0.3%	0.2%	5.4%
Croatia	65.7%	63.2%		34.3%	9.5%	1.2%	23.6%
Cyprus	90.8%	56.7%	34.1%	9.2%	2.4%	0.5%	6.3%
Estonia	88.2%	73.0%	15.1%	11.8%	0.2%	2.0%	9.6%
Finland	76.8%	68.8%	8.0%	23.2%	0.3%	0.8%	22.1%
France	84.1%	65.3%	18.9%	15.9%	0.4%	0.1%	15.4%
Germany	88.1%	58.1%	30.0%	11.9%	2.1%	0.1%	9.7%
Greece	82.5%	64.3%	18.2%	17.5%		1.4%	15.8%
Hungary	79.1%	67.7%	11.4%	20.9%	2.2%	0.9%	17.8%
Ireland	90.3%	71.0%	19.3%	9.7%	0.3%	0.4%	9.0%
Italy	80.6%	67.1%	13.5%	19.4%	1.1%	0.2%	18.0%
Latvia	79.1%	65.2%	14.0%	20.9%	0.7%	0.3%	19.8%
Lithuania	88.2%	80.5%	7.7%	11.8%	2.9%	0.7%	8.3%
Luxembourg	91.4%	67.8%	23.6%	8.6%	0.6%	0.1%	7.9%
Malta	87.5%	72.9%	14.6%	12.5%	4.7%	0.8%	7.0%
Netherlands	97.3%	94.2%	3.0%	2.7%	0.7%	0.1%	2.0%
Poland	89.0%	75.6%	13.3%	11.0%		1.2%	9.9%
Portugal	93.6%	81.6%	12.0%	6.4%	0.1%	0.3%	5.9%
Slovakia	89.0%	82.2%		11.0%	0.3%	0.2%	10.6%
Slovenia	73.5%	57.1%	16.4%	26.5%	2.5%	0.6%	23.4%
Spain	85.0%	63.8%	21.2%	15.0%	0.6%	0.4%	14.0%

Source: ECB - HFCS

Having a debt *per se* is not an indicator of financial fragility or over-indebtedness. In order to measure that, the *debt to asset ratio* and the *debt-to-income ratio* are the most prominent indicators of debt burden and financial vulnerability gathered by HFCS. In detail:

- The *debt-asset ratio*[90] reflects the creditor's ultimate capacity to be repaid. In general, a value above 100% for this ratio may be an indicator of high insolvency risk, but this cannot be generalised – the higher and the more reasonably regular are the incomes, the higher is the threshold that a debtor may afford. The situation of a country like the Netherlands, in particular in the period before the crisis of 2008, demonstrates that not always it is possible to directly correlate this ratio with a situation of insolvency risk. However, the ratio of 100 is indeed

[90] The debt to asset ratio is calculated as the ratio between total debt and total gross assets for indebted households. Total assets include the value of the household main residence for homeowners, other real estate property, vehicles, valuables (such as jewellery, works of art, antiques, etc.), value of self-employment businesses and value of household's financial assets.

significant in the majority of the cases. The median ratio of debt to total assets for the euro area decreased slightly, from 26.5% in 2014 to 25.5% in 2017.

- The *debt-income ratio*[91] is the most important indicator to understand and reasonably foresee the extent to which a household can service its debt.. From the perspective of the debtor, it is the most commonly used measure of debt sustainability in the medium to long run. While it does not outline in a very precise manner the monthly burden of households (this depends on the interest rate each loan carries), it is a good element of reference, in particular with the low levels of interest rates of the last years, which have restricted the possible non-foreseeable variations of the costs linked with the interest rate. The median debt-income ratio fell from 72.8% (2014) to 70.4% (2017), a decrease of 2.4 percentage points.

The table below presents the results of the HFCS by Member State.

Table 15: Financial burden indicators, median ratios- Ratio in %

Member States	Debt to asset ratio of indebted households	Debt to income ratio of indebted households
Euro area	25.5%	70.4%
Austria	17.0%	34.0%
Belgium	26.4%	90.6%
Croatia	4.8%	26.6%
Cyprus	20.5%	208.6%
Estonia	15.3%	21.7%
Finland	38.1%	77.1%
France	21.5%	64.5%
Germany	26.6%	45.1%
Greece	24.6%	72.9%
Hungary	15.1%	38.3%
Ireland	22.7%	66.4%
Italy	15.9%	47.2%
Latvia	19.0%	21.2%
Lithuania	11.3%	43.9%
Luxembourg	19.4%	95.5%
Malta	13.5%	110.6%
Netherlands	52.1%	243.0%
Poland	6.1%	16.7%
Portugal	31.5%	131.6%
Slovakia	18.9%	61.1%
Slovenia	7.8%	27.6%
Spain	24.4%	112.9%

Source: ECB - HFCS

A level greater than 100% means very often that the available assets/income would be insufficient to cover the debts of households. By comparing Member States, it is possible to notice that high ratio level compared to the Euro Area average can be recorded in:

[91] The debt to income ratio is the ratio of total debt to gross household income. Total gross household income is calculated as the sum of the employee income, self-employment income, income from public pensions, income from private and occupational pensions and income from unemployment benefits (items collected for households members aged 16+) and income from social transfers other than unemployment benefits, regular private transfers (such as alimonies), rental income from real estate property, income from financial investments, income from private business or partnership and regular income from other sources (items collected at the household level).

- *Debt to asset ratio*: Belgium (26.4%), Finland (38.1%), Germany (26.6%), the Netherlands (52.1%) and Portugal (31.5%)
- *Debt to income ratio*: Belgium (90.6%), Cyprus (208.6%), Finland (77.1%), Greece (72.9%), Luxembourg (95.5%), Malta (110.6%), the Netherlands (243%), Portugal (131.6%) and Spain (112.9%).

In particular, the 2017 income level was particularly high (although with not homogeneous impacts) in the Netherlands (243%), Cyprus (208.6%), Portugal (131.6%), Spain (112.9%) and Malta (110.6%).

Both these indicators also point out at risks from a financial stability perspective; however the debt-to-asset ratio not always depicts the burden faced by households (which needs to be assessed using also other indicators).

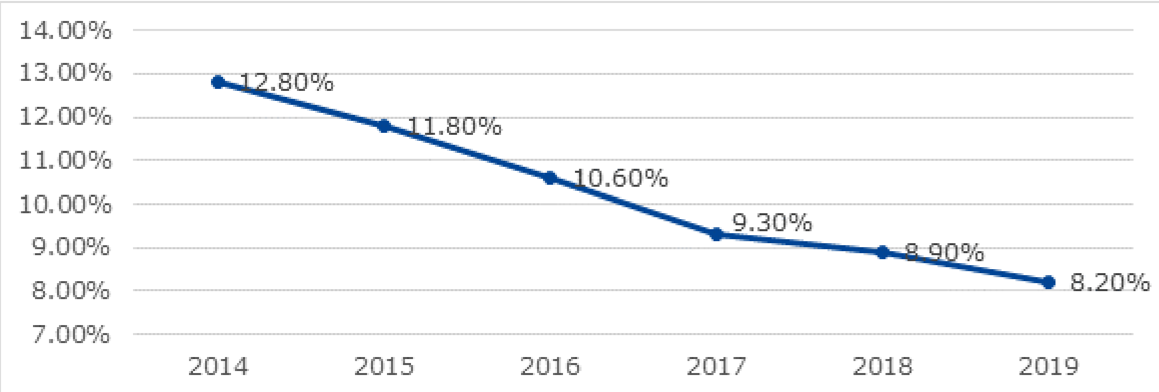
EU-SILC: Arrears

The EU-SILC survey provides estimates of levels of over-indebtedness directly measuring the overall frequency of arrears faced by households over time, it is considered a key indicator by the literature (Civic Consulting, 2013).

For this study, we report and analyse the combined arrears available in the EU SILC data: the total levels of arrears, arrears on mortgage or rent payments, arrears on utility bills and arrears on hire purchase instalments or other loan payments. These variables are specifically defined and are presented in the report as a percentage of the total household population.

The total arrears on these key commitments in the EU between 2014 and 2019 are depicted in the figure below.

Figure 9: Arrears on key commitments (mortgage or rent, utility bills or hire purchase) in EU27, 2014-2019[92]



Source: Eurostat - EU-SILC survey

It is possible to notice that the proportion of people in arrears in payment of rent or mortgage, utility bills, or hire purchase/other loan payments due to financial difficulties has been steadily declining in the last five years in EU27. However, the average disguises a wide variation at Member States level.

Table 16: Arrears on key commitments (mortgage or rent, utility bills or hire purchase), by Member State and the UK, 2014-2019[93]

Member State	2014	2015	2016	2017	2018	2019	2014-2019
Austria	6.10%	6.40%	6.50%	5.90%	4.90%	4.30%	-2%
Belgium	7.60%	6.90%	7.00%	5.40%	6.10%	5.50%	-2%

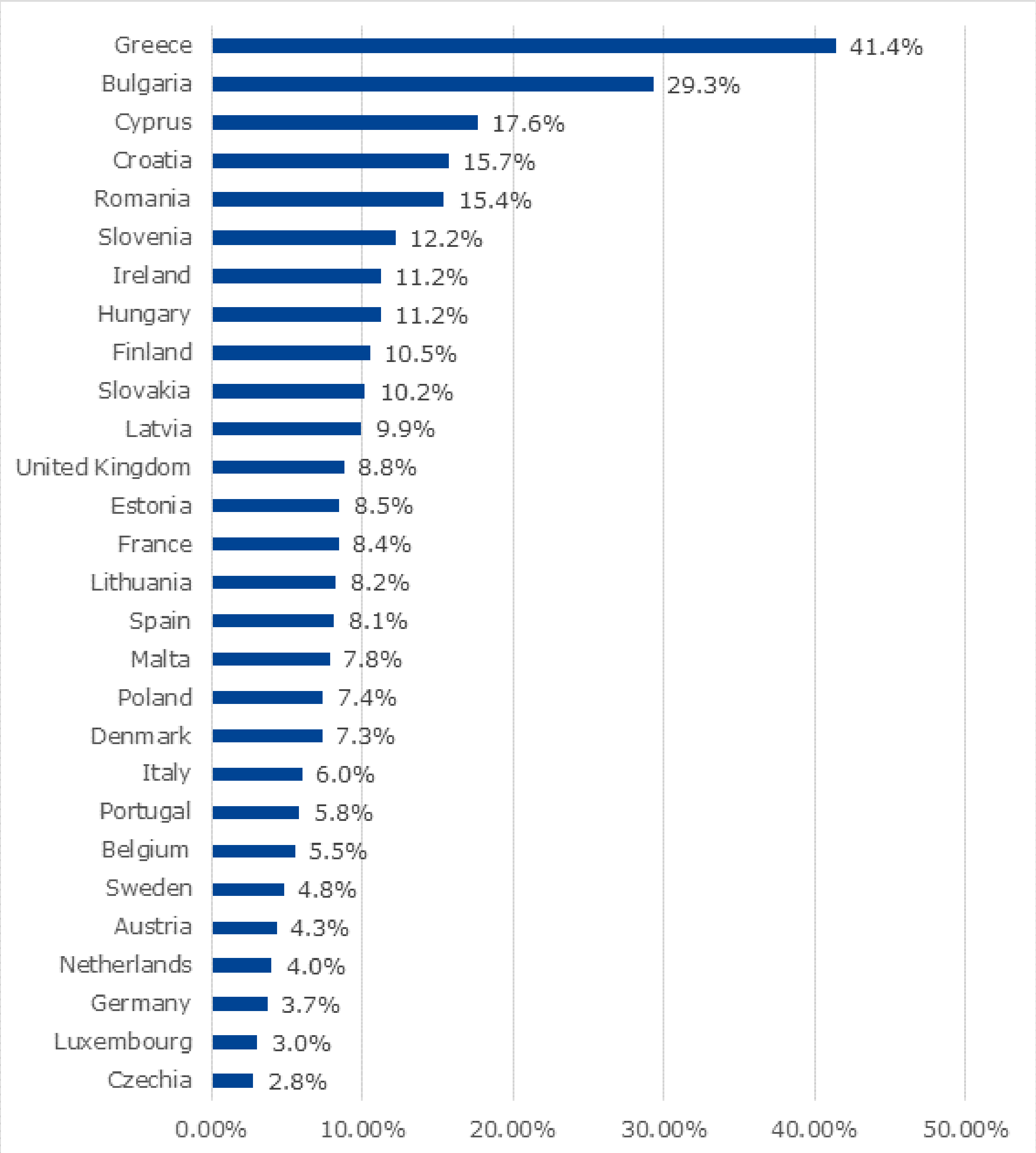
[92] Source: https://ec.europa.eu/eurostat/databrowser/view/ilc_mdes05/default/table?lang=en
[93] Source: https://ec.europa.eu/eurostat/databrowser/view/ilc_mdes05/default/table?lang=en

Member State	2014	2015	2016	2017	2018	2019	2014-2019
Bulgaria	35.30%	33.60%	34.20%	33.30%	31.90%	29.30%	-6%
Croatia	30.10%	29.90%	26.40%	21.90%	18.60%	15.70%	-14%
Cyprus	34.20%	31.60%	26.60%	24.80%	21.60%	17.60%	-17%
Czechia	6.10%	4.50%	4.40%	3.20%	3.00%	2.80%	-3%
Denmark	7.90%	6.30%	5.80%	6.00%	8.70%	7.30%	-1%
Estonia	12.00%	9.30%	8.90%	7.30%	8.00%	8.50%	-4%
Finland	10.70%	10.30%	10.90%	10.80%	10.70%	10.50%	0%
France	9.80%	8.90%	8.80%	9.10%	9.10%	8.40%	-1%
Germany	5.60%	5.20%	4.20%	4.40%	4.60%	3.70%	-2%
Greece	46.40%	49.30%	47.90%	44.90%	43.00%	41.40%	-5%
Hungary	24.50%	21.70%	19.00%	15.70%	12.80%	11.20%	-13%
Ireland	19.40%	18.90%	15.40%	13.00%	11.20%	11.20%	-8%
Italy	14.30%	14.90%	10.70%	6.10%	6.00%	*6.00%*	-8%
Latvia	21.40%	18.00%	14.90%	14.00%	13.80%	9.90%	-12%
Lithuania	11.30%	9.80%	10.70%	8.70%	10.30%	8.20%	-3%
Luxembourg	4.90%	5.20%	6.60%	3.00%	*3.00%*	*3.00%*	-2%
Malta	15.50%	10.90%	10.40%	6.50%	8.10%	7.80%	-8%
Netherlands	6.30%	5.70%	5.00%	4.60%	3.80%	4.00%	-2%
Poland	15.40%	11.00%	11.00%	10.30%	7.70%	7.40%	-8%
Portugal	12.00%	10.20%	9.30%	7.70%	6.60%	5.80%	-6%
Romania	23.90%	19.60%	19.70%	17.30%	16.50%	15.40%	-9%
Slovakia	8.30%	7.50%	7.50%	7.40%	9.90%	10.20%	2%
Slovenia	22.50%	19.20%	17.40%	15.20%	13.60%	12.20%	-10%
Spain	12.50%	11.70%	10.60%	9.30%	9.40%	8.10%	-4%
Sweden	6.40%	6.00%	5.40%	5.10%	4.70%	4.80%	-2%
United Kingdom	10.80%	10.20%	8.70%	8.00%	8.80%	*8.80%*	-2%

Source: Eurostat - EU-SILC survey

Even though the proportion of people in arrears has decreased compared to the 2014 level (except for Slovakia +2% and Finland 0%), two Member States Greece (41.4%) and Bulgaria (29.3%) are respectively ca. five and four times the EU 27 average (8.2%) and further three Member States show ca. twice the EU average: Cyprus (17.5%), Croatia (15.7%) and Romania (15.4%). At the other extreme, in three Member States, Luxembourg (3%), Germany (3.7%) and Czechia (2.8%), fewer than 4% of those surveyed were in arrears.

Figure 10: Percentage of households with arrears on key commitments (mortgage or rent, utility bills or hire purchase/other loan payment), by Member State and the UK, 2019[94]



Source: Eurostat - EU-SILC survey

Adjusting these percentages to the number of households in the EU-27 and UK, the total number of households in arrears is provided in the table below.

Table 17: Total Number of households in arrears on key commitments (mortgage or rent, utility bills or hire purchase/other loan payment) by Member State and the UK, 2014-2019

Member State	2014	2015	2016	2017	2018	2019
Austria	229,860	244,218	251,160	229,457	191,860	169,816

[94] Source: https://ec.europa.eu/eurostat/databrowser/view/ilc_mdes05/default/table?lang=en

Member State	2014	2015	2016	2017	2018	2019
Belgium	353,537	324,252	328,482	257,132	290,994	268,111
Bulgaria	974,245	987,773	938,038	967,498	863,852	788,317
Croatia	457,189	444,553	390,931	322,280	274,090	232,560
Cyprus	98,770	94,010	83,870	79,658	70,589	61,771
Czechia	281,021	208,989	206,378	150,330	142,794	135,050
Denmark	186,472	149,505	138,463	143,754	208,991	175,835
Estonia	67,332	53,159	51,033	42,632	48,872	52,658
Finland	277,665	270,118	287,815	286,794	286,450	284,897
France	2,822,763	2,577,565	2,567,312	2,663,297	2,709,816	2,517,472
Germany	2,223,738	2,093,406	1,696,787	1,791,794	1,877,104	1,554,196
Greece	2,015,848	2,157,417	2,112,725	1,972,861	1,884,948	1,842,300
Hungary	1,011,777	900,897	788,234	648,630	527,974	461,910
Ireland	333,020	327,065	269,916	233,350	206,304	:
Italy	3,684,767	3,842,501	2,760,300	1,577,747	1,555,548	:
Latvia	177,684	149,886	124,519	119,014	117,893	85,714
Lithuania	147,906	130,487	148,901	118,059	136,135	107,281
Luxembourg	11,005	11,913	15,418	7,272	:	:
Malta	25,792	18,824	18,522	11,921	15,584	15,694
Netherlands	478,460	434,437	386,130	359,674	297,700	316,880
Poland	2,144,850	1,552,100	1,564,761	1,489,977	1,124,885	1,099,115
Portugal	487,512	416,435	379,459	315,908	273,544	240,590
Romania	1,785,378	1,464,061	1,471,590	1,294,369	1,236,560	1,155,862
Slovakia	152,479	138,518	138,420	138,713	186,952	193,321
Slovenia	193,995	169,478	154,721	133,927	120,646	110,352
Spain	2,291,113	2,149,992	1,955,085	1,721,663	1,746,576	:
Sweden	293,818	305,988	260,550	247,998	246,459	:
EU-27	**1,785,378**	**1,464,061**	**1,471,590**	**1,294,369**	**1,236,560**	**1,155,862**
United Kingdom	293,818	305,988	260,550	247,998	246,459	:
Total	**2,079,196**	**1,770,049**	**1,732,140**	**1,542,367**	**1,483,019**	**1,155,862**

Note: ":" missing data from Eurostat
Source: VVA & CEPS calculation using Eurostat EU-SILC % of households in arrears multiplied by total number of households [lfst_hhnhtych][95]

Another result that can be obtained from EU-SILC is the level of arrears by households' type (particularly referring to vulnerable groups). The group "*Single person with children*" shows the highest percentages of households in arrears. In a Member States comparison, it is possible to notice that the percentage of "*single person with children*" in arrears is ca. twice the 2019 EU 27 average in Bulgaria (39%), Croatia (40%), Greece (54%) and around one time and half in Cyprus (32%), Ireland (29%), Slovenia (30%) and United Kingdom (30%).

[95] Source: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfst_hhnhtych&lang=en

Table 18: Arrears by type of households (mortgage or rent, utility bills or hire purchase), by Member State and the UK, 2019[96]

Member State	Single person	One adult 65 years or over	Single person with children
European Union 27	**7%**	**4%**	**19%**
Austria	5%	2%	17%
Belgium	6%	2%	16%
Bulgaria	28%	27%	39%
Croatia	17%	11%	40%
Cyprus	12%	5%	32%
Czechia	3%	1%	7%
Denmark	8%	4%	27%
Estonia	7%	3%	19%
Finland	12%	2%	26%
France	8%	3%	20%
Germany	5%	2%	10%
Greece	32%	25%	54%
Hungary	11%	5%	24%
Ireland	7%	3%	29%
Italy	5%	2%	7%
Latvia	12%	7%	27%
Lithuania	9%	4%	21%
Luxembourg	*4.7%**	*0.5%**	*11.5%**
Malta	6%	3%	26%
Netherlands	6%	2%	14%
Poland	8%	5%	22%
Portugal	5%	2%	12%
Romania	19%	19%	25%
Slovakia	8%	5%	19%
Slovenia	12%	6%	30%
Spain	6%	2%	20%
Sweden	5%	2%	14%
United Kingdom	7%	1%	30%

* data as of 2017
Source: Eurostat - EU-SILC survey

Eurobarometer: Subjective assessment towards debt

The 2010 Eurobarometer 74.1, or Poverty and Social Exclusion report[97] provides an indication on how households view their own risk of being over-indebted.

The variable reported in this study specifically considered respondents being asked to assess how much they personally felt at risk of being over-indebted. The answers

[96] Source: Eurostat (2020). Arrears (mortgage or rent, utility bills or hire purchase) from 2003 onwards - EU-SILC survey [ILC_MDES05]. Available at: https://ec.europa.eu/eurostat/databrowser/view/ILC_MDES05__custom_265480/default/table?lang=en

[97] Source: https://data.europa.eu/euodp/en/data/dataset/S800_72_1_EBS321

available were “very at risk”, “fairly at risk”, “not very at risk”, “not at all at risk”, and “don’t know”.

Across the EU 27[98], before Croatia’s accession, one in four surveyed Europeans considered themselves at risk of being or becoming over-indebted.

Table 19: Percentage of European who feel at risk of over-indebtedness[99]

Member State	Very at risk	Fairly at risk	Not very at risk	Not at all at risk	Don't know	Total 'At risk'	Total 'Not at risk'
EU27	***6%***	***19%***	***31%***	***41%***	***3%***	***25%***	***72%***
Austria	*4%*	*24%*	*38%*	*33%*	*1%*	*28%*	*71%*
Belgium	*5%*	*24%*	*39%*	*31%*	*1%*	*29%*	*70%*
Bulgaria	*7%*	*19%*	*43%*	*22%*	*9%*	*26%*	*65%*
Bulgaria	*4%*	*22%*	*33%*	*38%*	*3%*	*26%*	*71%*
Cyprus	*12%*	*13%*	*21%*	*50%*	*4%*	*25%*	*71%*
Denmark	*3%*	*7%*	*33%*	*57%*	-	*10%*	*90%*
Estonia	*9%*	*23%*	*27%*	*40%*	*1%*	*32%*	*67%*
Finland	*2%*	*9%*	*28%*	*61%*	-	*11%*	*89%*
France	*6%*	*21%*	*28%*	*43%*	*2%*	*27%*	*71%*
Germany	*3%*	*9%*	*29%*	*57%*	*2%*	*12%*	*86%*
Greece	*7%*	*24%*	*41%*	*25%*	*3%*	*31%*	*66%*
Hungary	*21%*	*28%*	*29%*	*21%*	*1%*	*49%*	*50%*
Ireland	*7%*	*23%*	*36%*	*30%*	*4%*	*30%*	*66%*
Italy	*5%*	*20%*	*34%*	*36%*	*5%*	*25%*	*70%*
Latvia	*23%*	*29%*	*26%*	*21%*	*1%*	*52%*	*47%*
Lithuania	*8%*	*21%*	*23%*	*46%*	*2%*	*29%*	*69%*
Luxembourg	*5%*	*17%*	*25%*	*48%*	*5%*	*22%*	*73%*
Malta	*6%*	*16%*	*22%*	*50%*	*6%*	*22%*	*72%*
Netherlands	*3%*	*10%*	*42%*	*44%*	*1%*	*13%*	*86%*
Poland	*4%*	*19%*	*36%*	*36%*	*5%*	*23%*	*72%*
Portugal	*4%*	*21%*	*33%*	*40%*	*2%*	*25%*	*73%*
Romania	*12%*	*35%*	*27%*	*21%*	*5%*	*47%*	*48%*
Slovakia	*3%*	*18%*	*52%*	*23%*	*4%*	*21%*	*75%*
Slovenia	*3%*	*12%*	*37%*	*47%*	*1%*	*15%*	*84%*
Spain	*8%*	*19%*	*29%*	*42%*	*2%*	*27%*	*71%*
Sweden	*2%*	*5%*	*28%*	*64%*	*1%*	*7%*	*92%*
UK	*9%*	*26%*	*25%*	*39%*	*1%*	*35%*	*64%*

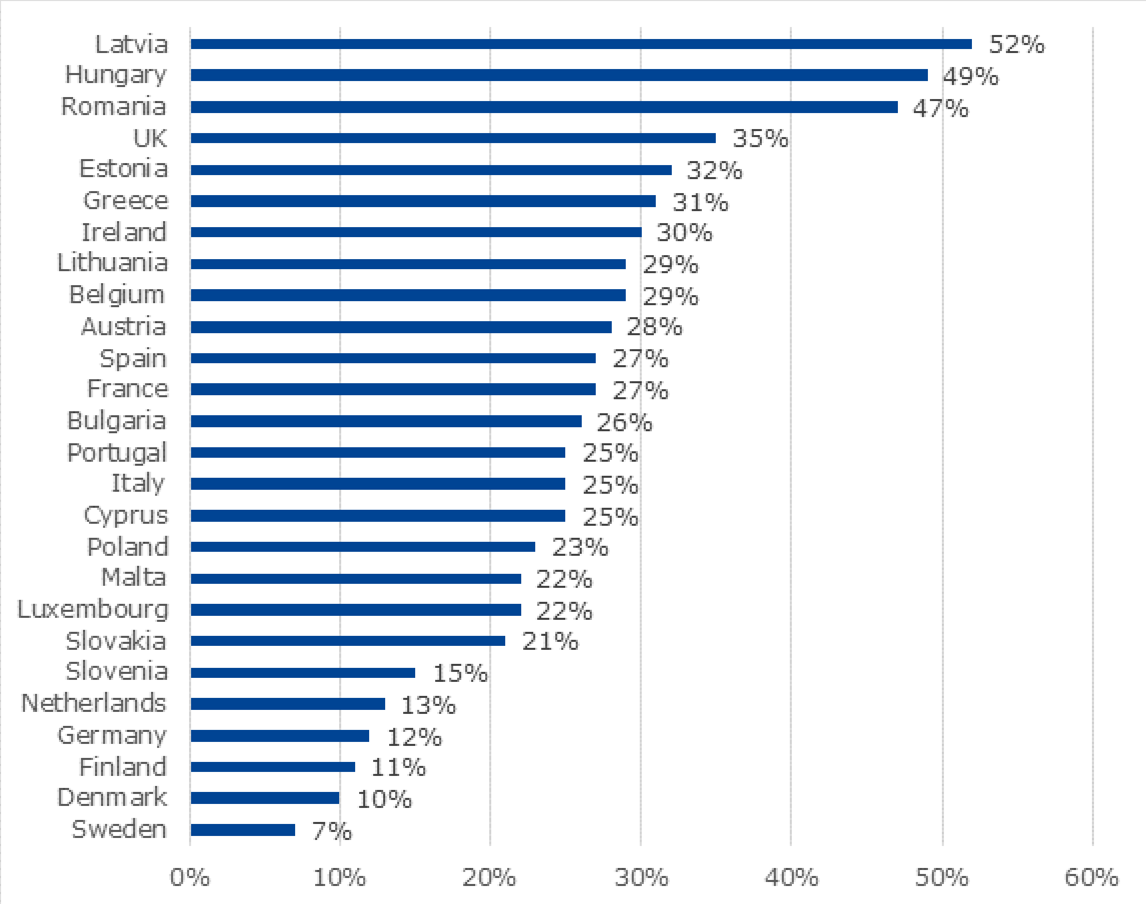
Source: Eurobarometer (2010)

For the purposes of this study, the first two categories (“Very at Risk” and “Fairly at Risk”) were combined and compared for each country. According to the Eurobarometer 2010 indicators, it is possible to notice that the level of perception to be at risk is ca. twice the EU average in Latvia (52%), Hungary (49%) and Romania (47%).

[98] As the Eurobarometer data refer to the year 2010, the EU 27 definition includes the UK

[99] Source: https://data.europa.eu/euodp/en/data/dataset/S800_72_1_EBS321

Figure 11: Eurobarometer respondents self-assessing as 'At risk'[100]



Source: Eurobarometer (2010)

Another prospective indicator for over-indebtedness gathered by the EU-SILC, is the share of households considered unable to face unexpected financial expenses. These households are not able to generate savings as a safety net and are likely to get into arrears when either their expenses increase, or their income diminishes.

Most of the EU Member States experienced a decrease in the inability to face unexpected financial expenses in the period 2014-2019 (with the only exception of Sweden, +0.1%). Remarkable down-turns have been recorded in Hungary (-42.9%), Poland (-19.3%) and Czechia (-19%).

Table 20: Inability to face unexpected financial expenses, by Member State and in the UK, 2014-2019[101]

Member State	2014	2015	2016	2017	2018	2019	Δ2014-2019
EU 27	**39.00%**	**37.40%**	**36.20%**	**34.00%**	**32.20%**	**30.90%**	**-8.10%**

[100] Source: https://data.europa.eu/euodp/en/data/dataset/S800_72_1_EBS321

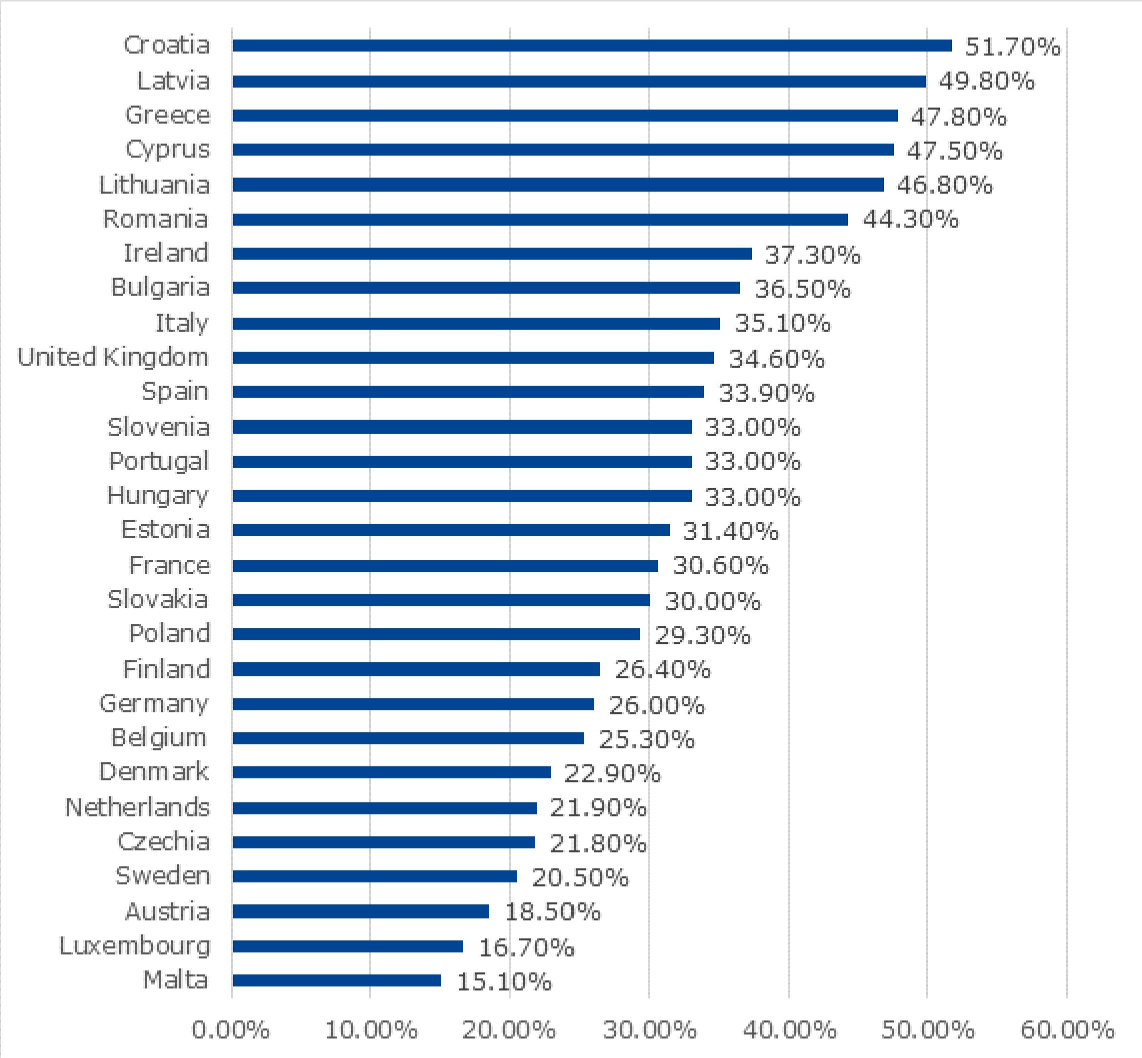
[101]Source: https://appsso.eurostat.ec.europa.eu/nui/show.do?query=BOOKMARK_DS-056352_QID_503C10F4_UID_-3F171EB0&layout=TIME,C,X,0;GEO,L,Y,0;HHTYP,L,Z,0;INCGRP,L,Z,1;UNIT,L,Z,2;INDICATORS,C,Z,3;&zSelection=DS-056352INCGRP,TOTAL;DS-056352HHTYP,TOTAL;DS-056352UNIT,PC;DS-056352INDICATORS,OBS_FLAG;&rankName1=HHTYP_1_2_-1_2&rankName2=UNIT_1_2_-1_2&rankName3=INDICATORS_1_2_-1_2&rankName4=INCGRP_1_2_-1_2&rankName5=TIME_1_0_0_0&rankName6=GEO_1_0_0_1&sortR=ASC_-1_FIRST&sortC=ASC_-1_FIRST&rStp=&cStp=&rDCh=&cDCh=&rDM=true&cDM=true&footnes=false&empty=false&wai=false&time_mode=ROLLING&time_most_recent=false&lang=EN&cfo=%23%23%23%2C%23%23%23.%23%23%23&eub_bm=ilc_mdes04$DV_421&lang=en

Member State	2014	2015	2016	2017	2018	2019	Δ2014-2019
Austria	23.90%	22.60%	22.60%	20.60%	20.10%	18.50%	-5.40%
Belgium	24.00%	25.70%	26.00%	25.50%	24.50%	25.30%	1.30%
Bulgaria	49.60%	53.40%	54.20%	53.20%	32.10%	36.50%	-13.10%
Croatia	63.70%	59.80%	57.70%	56.20%	52.90%	51.70%	-12.00%
Cyprus	59.80%	60.50%	56.60%	50.10%	49.50%	47.50%	-12.30%
Czechia	40.80%	36.00%	32.10%	28.10%	23.70%	21.80%	-19.00%
Denmark	28.50%	26.50%	24.50%	25.10%	25.20%	22.90%	-5.60%
Estonia	39.10%	36.70%	31.60%	36.30%	34.70%	31.40%	-7.70%
Finland	27.20%	28.40%	29.40%	28.50%	27.20%	26.40%	-0.80%
France	33.40%	32.80%	31.80%	29.60%	31.40%	30.60%	-2.80%
Germany	32.60%	30.40%	30.00%	29.30%	28.10%	26.00%	-6.60%
Greece	51.80%	53.40%	53.60%	52.70%	50.40%	47.80%	-4.00%
Hungary	75.90%	72.20%	50.80%	31.50%	33.30%	33.00%	-42.90%
Ireland	54.50%	50.20%	45.20%	41.60%	37.30%	37.30%	-17.20%
Italy	38.80%	39.90%	40.40%	38.30%	35.10%	35.10%	-3.70%
Latvia	67.40%	60.40%	60.00%	59.90%	55.30%	49.80%	-17.60%
Lithuania	54.70%	53.20%	53.20%	50.60%	48.80%	46.80%	-7.90%
Luxembourg	23.80%	23.00%	21.90%	20.40%	19.70%	16.70%	-7.10%
Malta	24.60%	21.40%	20.80%	15.60%	13.90%	15.10%	-9.50%
Netherlands	23.70%	22.90%	22.50%	20.70%	21.50%	21.90%	-1.80%
Poland	48.60%	42.30%	37.90%	34.80%	31.70%	29.30%	-19.30%
Portugal	42.20%	40.70%	38.30%	36.90%	34.70%	33.00%	-9.20%
Romania	52.70%	51.40%	54.50%	52.50%	45.90%	44.30%	-8.40%
Slovakia	38.90%	36.70%	37.90%	34.60%	31.50%	30.00%	-8.90%
Slovenia	45.80%	42.90%	41.70%	37.10%	33.10%	33.00%	-12.80%
Spain	42.70%	39.80%	38.70%	36.60%	35.90%	33.90%	-8.80%
Sweden	20.40%	19.80%	20.70%	19.70%	20.20%	20.50%	0.10%
United Kingdom	39.00%	38.40%	38.00%	32.90%	34.60%	34.60%	-4.40%

Source: Eurostat - EU-SILC survey

According to the 2019 data, Croatia (51.7%) and Latvia (49.8%) stand out as the two Member States where the inability to face unexpected financial expenses is most acute among households. In Greece (47.8%), Cyprus (47.5%), Lithuania (46.8%) and Romania (44.3%) the level is higher than 40% (see figure below).

Figure 12: Inability to face unexpected financial expenses, by Member State and in the UK, 2019[101]



Source: Eurostat - EU-SILC survey

5.2 Mapping of current debt-advice needs

Debt advice services are not accessible to all households that would need it. Where generally available, accessibility to services may be limited in many countries due to a number of reasons.

- Lack of awareness of the services existing;
- Lack of financial education by the consumers;
- Fear of asking for help and social stigma;
- Capacity and supply constraints; or,
- Costs of advice.

Our main focus lies on the prior three shortcomings or barriers to accessibility of advice, because the largest majority of overindebted households cannot (and are not available to) afford the costs of the service. Therefore, the problems linked to the costs in general do not affect directly the majority of the overindebted households (they are rather a problem for the entities providing debt-advice). In this regard, the case of UK or of other countries where debt-advice is often available on a commercial base is an exception, not the rule.

Insufficient awareness of the citizens of the existence of these services is another main barrier of access to debt advice present in many countries.[102] It is not rare that highly indebted households lower their living standards but do not seek debt advice simply because they are not aware that such services exists. Even in countries where debt advice is free, some household do not seek debt advice because they are afraid of the costs that this would entail. Furthermore, barriers to access advisory service are often stigmatisation with problem debt, physical access especially for debtors in rural areas and communication problems.[103] In France, for instance, one main shortcoming, apart from funding shortage on some occasion, is the lack of a more holistic debt advice service in which all segments of population are eligible. Other barriers France shares with the rest of Member States, include the lack of capacity, user fees, lack of awareness of the different debt-advice organisations and the present social stigma towards making use of them.[104] This is similar in Sweden, where a report found that municipal debt advice is rather unknown. Several municipalities have difficulties to fulfil the recommendations set out by the Swedish Consumer Authority. Although in 2019, all municipalities offered debt advice, there were differences in the resources and the type of support offered. 44% of municipalities did not have any external work/efforts, meaning that many municipalities did not offer active support during the debt reconstruction process, despite this being a legal obligation.[105]

In addition, consumers often have a low level of financial education, which does not facilitate their self-defence in this area. Low level of financial education is generally associated with low capacity of budgeting. Moreover, in terms of the role of the advice for prevention, the lack of financial education is also a serious problem. Many consumers do not understand the terms and conditions of the contract they are signing and a considerable share of indebted households seeking debt advice struggles with the concept of interest rates and some of them are illiterate.[106]

A study in the UK identified advice gaps why people miss out on the benefits of advice.[107] The four gaps are:

- 5.4 million people in the **affordable advice gap** - this affects consumers who are willing to pay for advice and means that up to 5.4 million extra people would consider paying for advice if it cost less. Of the study about 27% of the people would pay for money advice if setting up a business; one in 16 would pay if they had debt problems; 20% would consider paying when making an investment and 6% would pay GBP 500 or more.
- 14.5 million people in the **free advice gap** - this affects people who would like advice but cannot pay for it. They believe that they would benefit from free advice and haven't taken any in the past 2 years. This includes 5.3 million people who have needed free advice in the past two years but haven't taken it and 735,000 who tried to access free advice but could not due to lack of supply. 500,000 people may have experienced a delay or had to take an appointment at an inconvenient time while taking free money advice in the past 2 years. Of those that say that they had needed advice but have not accessed it, 14% said that they tried to get free advice but were told the services were too busy. The study estimates that 735,000 people may have not been able to access free advice services due to overstretched services.

[102] See for example for CZ: Klimentová, M. (2020). Kam dál v dluhové problematice? Výstup z kulatého stolu pořádaného Charitou Česká republika v rámci projektu Ke kvalitě v Charitě II1 dne 4. března 2020

[103] Eurofound (2020). Unpublished country report: Mapping debt services - Austria

[104] Eurofound (2020). Addressing household over-indebtedness

[105] Konsumentverket (2019). Rapport 2019: 06 Fördjupad samverkan mot överskuldsättning Slutrapportering till regeringen

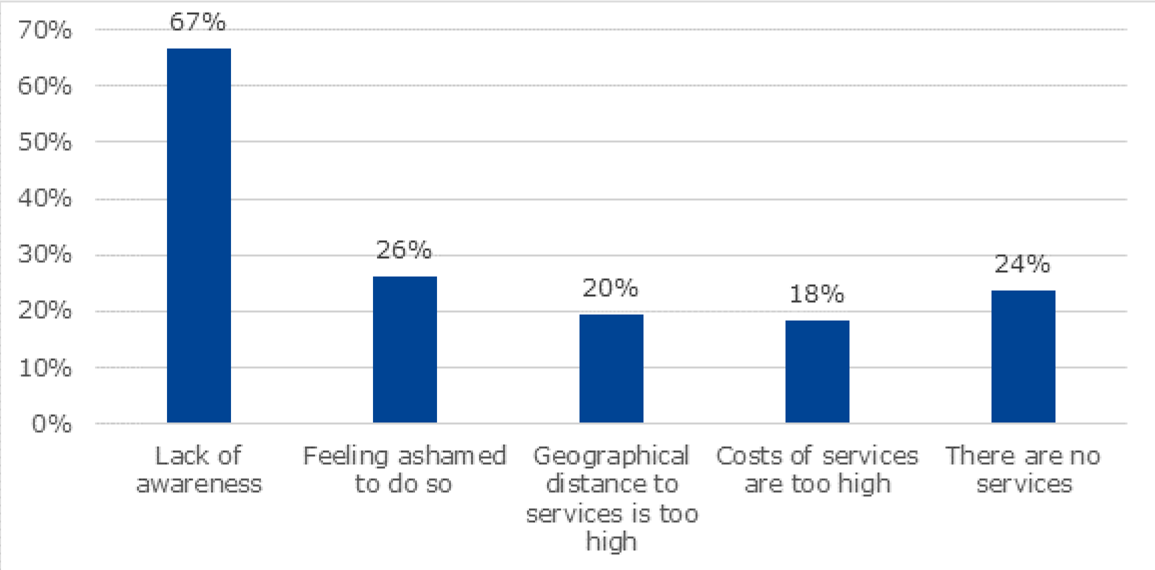
[106] From interviews with the stakeholders.

[107] Citizens Advice (2015). The four advice gaps: An analysis of the unmet consumer needs around financial advice and public financial guidance

- 10 million people in the **awareness and referral advice gap** - this affects people that are not aware about the existence of advice. This includes 3.3 million who say they need free money advice but failed to get it because they did not know it exists and 3.4 million people who raised an issue but did not receive advice. The survey finds that only about 45% of people are aware that the UK government supports free guidance.
- 23 million people in the **preventative advice gap** in their lives - this affects those who would benefit from having money advice as a preventive measure.

Survey results to this study showed that for more than 66 percent of the survey participants, awareness seems to be a reason for not participating in debt advice. This is by far the most frequently mentioned reason. This question was answered by less than 50 percent of participants, that is why a split view by country or area of work is not beneficial, since some of the sup-groups would have only a few responses.

Figure 13: In your opinion, what are the main reasons for households not being able to access debt advisory services?



Note: results are based on 240 observations, multiple responses possible.
Source: VVA & CEPS elaborations based on online survey responses

Looking into the differences across type of involvement, differences can be seen. For instance, compared to the other areas of involvement, the reason "feeling ashamed to access the services" was rather not considered a main barrier by debt advice providers.

Table 21: In your opinion, what are the main reasons for households not being able to access debt advisory services? [By area of involvement]

	Lack of awareness	Feeling ashamed to do so	Geographical distance to services is too high	Costs of services are too high	There are no services
Providing debt advice services to households and individuals (n=111)	72%	1%	27%	23%	19%

	Lack of awareness	Feeling ashamed to do so	Geographical distance to services is too high	Costs of services are too high	There are no services
Policy and regulatory framework development (public authority) (n=28)	57%	46%	14%	18%	29%
Research or personal professional focus / specialisation on over-indebtedness and debt advice (experts and academics) (n=43)	63%	47%	19%	9%	33%
Other (n=58)	64%	50%	9%	16%	24%
Total (n=240)	67%	26%	20%	18%	24%

Note: results are based on 240 observations, multiple responses possible.
Source: VVA & CEPS elaborations based on online survey responses

The results across countries are similar, with the majority indicating the lack of awareness to be among the main reason why not all households access the debt advice services. To countries stand out: Bulgaria and Lithuania. In the former, one third of the participants mentioned the feeling of shame hindering the access to the debt advice services, while in the latter, the costs of the services and the lack of the services seem to be the main driving reason for a lack of access.

Table 22: In your opinion, what are the main reasons for households not being able to access debt advisory services? [By country]

	Lack of awareness	Feeling ashamed to do so	Geographical distance to services is too high	Costs of services are too high	There are no services
Austria (n=5)	60%	40%	40%	0%	0%
Belgium (n=7)	71%	71%	14%	0%	29%
Bulgaria (n=6)	0%	33%	0%	17%	17%
Croatia (n=8)	50%	25%	13%	13%	50%
Cyprus (n=3)	67%	0%	0%	33%	33%
Czechia (n=9)	89%	44%	56%	0%	11%
Denmark (n=10)	90%	20%	50%	40%	10%
Estonia (n=6)	67%	67%	0%	17%	0%
Finland (n=6_	83%	67%	17%	0%	33%
France (n=8)	63%	25%	38%	0%	13%
Germany (n=69)	62%	12%	28%	19%	22%
Greece (n=4)	75%	50%	0%	75%	0%
Hungary (n=5)	80%	40%	20%	20%	40%
Ireland (n=5)	80%	40%	0%	20%	0%
Italy (n=14)	43%	14%	0%	29%	21%
Latvia (n=5)	80%	20%	0%	0%	0%
Lithuania (n=3)	0%	0%	0%	67%	67%

	Lack of awareness	Feeling ashamed to do so	Geographical distance to services is too high	Costs of services are too high	There are no services
Luxembourg (n=3)	100%	67%	0%	0%	0%
Malta (n=2)	100%	50%	0%	50%	0%
Netherlands (n=5)	60%	100%	0%	20%	0%
Poland (n=13)	85%	0%	23%	15%	23%
Portugal (n=11)	82%	27%	27%	18%	27%
Romania (n=5)	80%	60%	20%	20%	60%
Slovakia (n=7)	71%	43%	14%	29%	43%
Slovenia (n=5)	20%	0%	0%	20%	80%
Spain (n=10)	80%	10%	10%	20%	50%
Sweden (n=1)	100%	0%	0%	0%	0%
UK (n=2)	100%	50%	0%	0%	0%
Total (n=237)	67%	27%	20%	19%	24%

Note: results are based on 237 observations, multiple responses possible.
Source: VVA & CEPS elaborations based on online survey responses

These barriers to accessibility are likely to lead to late access to the services, which often make a successful debt advice service more difficult. Many people delay reaching out for help of the services. A study showed that 33% of clients wait over three years, 51% more than two years and 66% over one year before asking for help.[108]

Delays, however, may also stem from a capacity and supply constraint, as briefly shown above. Not only in the UK, a lack of supply might lead to a “free advice gap”, also in Germany it is estimated that only 10% of overindebted consumers are covered by the existing structure of non-commercial state-subsidised debt advice services. This often leads to substantial waiting times for potential people in need to receive advice and support. Some countries report their waiting times: In Germany, the average waiting time is about three months, however, there can be waiting times of up to a year[109]; in Ireland, the waiting times are comparably short with an average of 2.9 weeks in 2014, following a decreasing trend from 3.7 weeks in 2012 and 4.28 weeks in 2011[110]; while in Sweden, 58 of 290 municipalities had a waiting period of more than four weeks (recommendation is maximum 4 weeks)[111].

Taking this into account, the table below gives an indicative range for unsatisfied demand of debt advice in the EU 27 and in the UK.[112] Indeed, the unsatisfied demand is likely to be somewhere between the current level of debt advice and all the households that potentially need debt advice, measured by the households that were at least once unable to pay their mortgage or rent, utility bills or hire purchase.

[108] Wyman, P. (2018). Review of debt advice funding.

[109] According to a debt advisor interviewed in Germany, one example of a debt advice office financed by the state (Lankreis) has a waiting time of 9 month, while others do not accept new clients anymore

[110] McCarthy, O. (2014). Cork MABS: Clients' experiences, opinion and satisfaction levels. Available at: https://cora.ucc.ie/bitstream/handle/10468/5087/4297.pdf?sequence=1

[111] Konsumentverket (2019). Rapport 2019: 06 Fördjupad samverkan mot överskuldsättning Slutrapportering till regeringen

[112] Disclaimer: these statistics are based on authors (VVA & CEPS) calculation

Table 23: Unsatisfied demand by Member State and in the UK, 2019

Country	Households need debt advice		Households receiving debt advice		Estimated unsatisfied demand	
	Number (x1000)	%	Number (x1000)	%	Number (x1000)	%
AT	170	4.3%	60	1.5%	109	2.8%
BE	263	5.5%	83	1.7%	180	3.8%
BG	788	29.3%	Insignificant	Insignificant	788	29.3%
CY	58	17.6%	Insignificant	Insignificant	58	17.6%
CZ	135	2.8%	29	0.6%	106	2.2%
DE	1 513	3.7%	582	1.4%	931	2.3%
DK	176	7.3%		Unknown	176	7.3%
EE	53	8.5%	Insignificant	Insignificant	53	8.5%
EL	1 842	41.4%	Insignificant	Insignificant	1 842	41.4%
ES	1.514	8.1%	Insignificant	Insignificant	1 514	8.1%
FI	285	10.5%	53	2.0%	232	8.5%
FR	2 567	8.8%	202	0.7%	2 365	8.1%
HR	231	15.7%	Insignificant	Insignificant	231	15.7%
HU	462	11.2%	266	6.4%	198	4.8%
IE	206	11.2%	9	0.5%	198	10.7%
IT	1 556	6.0%	Insignificant	Insignificant	1 556	6.0%
LT	107	8.2%	Insignificant	Insignificant	107	8.2%
LU	7	3.0%	0.3	0.1%	7	2.9%
LV	86	9.9%	3	0.3%	83	9.6%
MT	16	7.8%	Insignificant	Insignificant	16	7.8%
NL	317	4.0%	89	1.1%	228	2.9%
PL	1 099	7.4%	2	0.0%	1 097	7.4%
PT	241	5.8%	29	0.7%	211	5.1%
RO	1 156	15.4%	Insignificant	Insignificant	1156	15.4%
SE	256	4.8%	23	0.4%	233	4.4%
SI	112	12.2%	Insignificant	Insignificant	112	12.2%
SK	193	10.2%	17	0.9%	176	9.3%
UK	2 553	8.8%	143	0.5%	2 411	8.3%
EU27 + UK	**17 964**	**8.1%**	**1 590**	**0.7%**	**16 375**	**7.3%**

Source: VVA & CEPS elaboration based on total number of households in EU 27 and UK (EU-LFS), the % of households in arrears (EU-SILC), interviews with debt advice practitioners and national sources

The figures indicate that up to 18 million households or about 8% of the EU27 and UK households might need debt advice and about 1.6 million households or about 1% of households receive debt advice. This would leave a maximum unsatisfied demand of about 16 million households or 7% of households. These figures are from just before the COVID-19 outbreak in early 2020.

Covid-19 implications

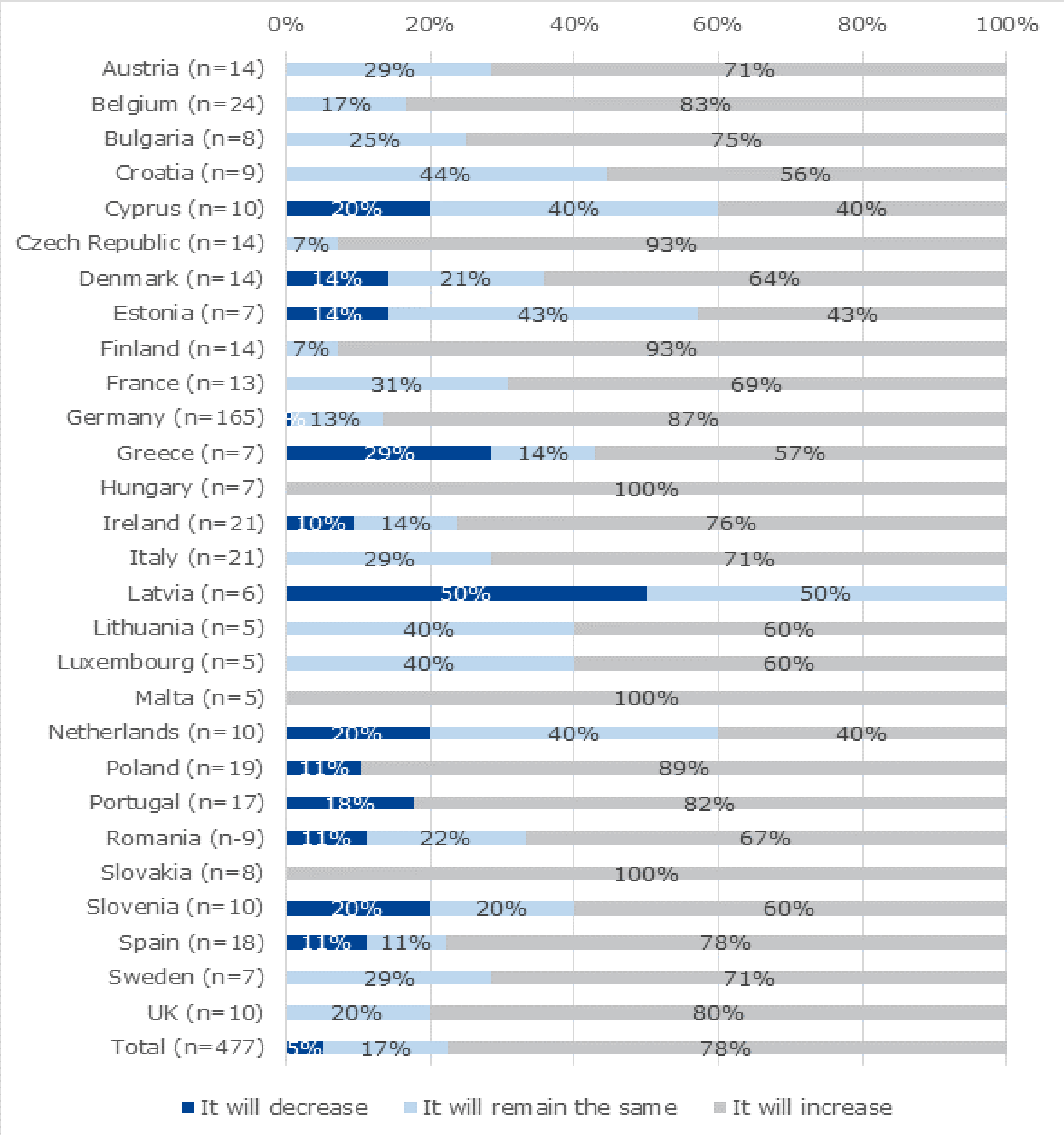
The COVID-19 pandemic has caused major problems for the economy. Most of these effects have in first instance in most countries been mitigated by government measures (furlough schemes, tax deferrals, government guarantees, credit moratoria, etc.).

Nevertheless, the COVID-19 pandemic is expected to increase of the demand for debt advice services for virtually all Member States included in the report in the upcoming period. The adverse macro-economic environment after the government measures will likely cause financial difficulties, which will also increase the need for financial advice and debt management. Indeed, a survey conducted in March 2020 with a number of adults in G7 countries found that 39% of respondents indicated that the virus had not yet impacted their household income, but expected it to do so in the future, while 31% of the respondents answered that they had already experienced an impact.[113]

The survey results support this expectation, with the future being assessed negatively almost everywhere, expecting an increase of household over-indebtedness in the next five to ten years. An exception is Latvia where nobody expects the debt to increase in the future. However, especially for such small countries with fewer answers, this the results should be read with care, due to potential inaccuracies.

[113] Statista (2020). Opinion of adults in G7 countries of the expected impact of the Covid-19 pandemic on their household income as of March 2020. Available at: https://www.statista.com/statistics/1107322/covid-19-expected-impact-household-income-g7/

Figure 14: In your opinion, how will household over-indebtedness likely develop in the next 5 to 10 years in your country? [By country]



Note: results are based on 477 observations the total shares may not sum to 100% as the "I do not know / no opinion" options have been taken out for visualisation.
Source: VVA & CEPS elaborations based on online survey responses

In addition, the COVID-19 pandemic poses also a challenge to the existing availability of debt advice capacity. The existing debt advice services are limited in capacity due to restrictive measures on person-to-person contacts.

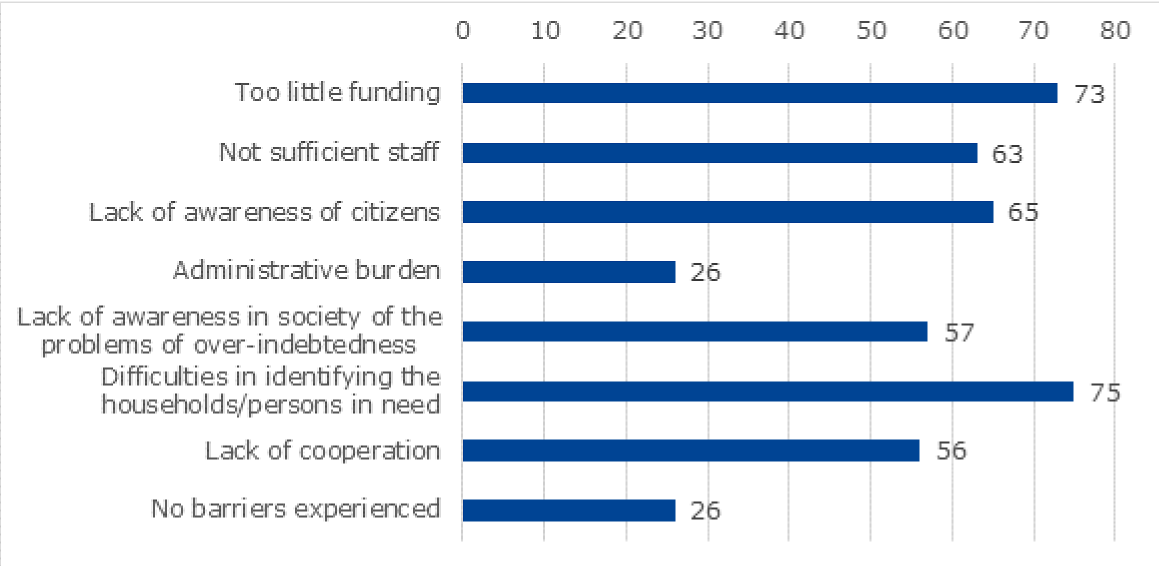
However, the impact of the Covid-19 crisis is still unclear but will also likely have disruptive consequences on significant sectors of the population, in particular among the people who do not dispose of a stable working relation. In fact, it is expected that the level of households' over-indebtedness could increase significantly in the next period.

6 Potential resources needed to improve debt-advice services

The lack of sufficient funding for household debt advice has been widely acknowledged for some time. A study by Civic Consulting (2013) found that "*the need for adequate (public) funding of debt advice services in order to meet demand in a timely manner and to provide the comprehensive geographical coverage that many Member States lacked*" was a key issue. Unfortunately, that need does not appear to have been satisfied. The insufficient funding for debt-advice continues to be a concern among stakeholders across Member States.[114] Indeed, the lack of (sufficient) funding for debt advice was also acknowledged by many of the survey respondents in this study among other issues related including the difficulties in identifying the households in need and lack of awareness of the availability debt-advice services.

For more than a quarter of respondents, budget and awareness is a problem. Awareness may be related to the budget, limiting the organisations' possibilities to increase and raise awareness. In general, few believe that there is not enough expertise. There seems to be a basis for good debt advice, only missing is the money to apply it effectively.

Figure 15: Have you experienced any barriers for you or the organisation you represent to provide (more) effective debt advice for households? [Number of responses]

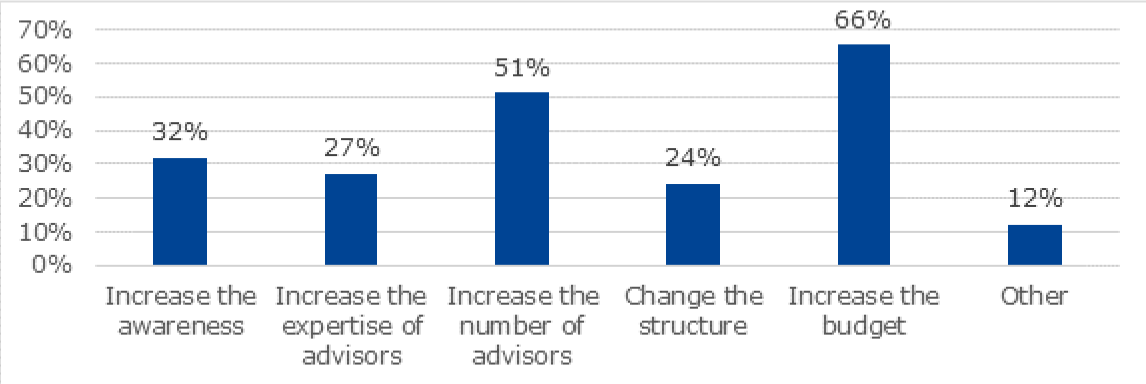


Note: results are based on 265 observations, multiple responses possible.
Source: VVA & CEPS elaborations based on online survey responses

Linked to the previous questions, the survey respondents believe that the availability could be best improved by lowering the barriers. Therefore, most of the replies are either directly asking for more funding or are topics that are connected to funding.

[114] Civic Consulting (2013). Over-indebtedness of European households: updated mapping of the situation, nature and causes, effects and initiatives for alleviating its impact (final report), p. 219. Available at: https://ec.europa.eu/info/sites/info/files/final-report-on-over-indebtedness-of-european-households-synthesis-of-findings_december2013_en.pdf

Figure 16: In your opinion, what would be required to improve the availability of debt-advice for households in your country?



Note: results are based on 270 observations, multiple responses possible.
Source: VVA & CEPS elaborations based on online survey responses

One of the questions this study therefore tried to answer was the size of the funding needed to cover the demand, in particular the unsatisfied demand.

Across the EU, two funding models are widely recognised. Coface summarised these two funding models for the Stakeholder Forum on Debt Advice in 2018[115]:

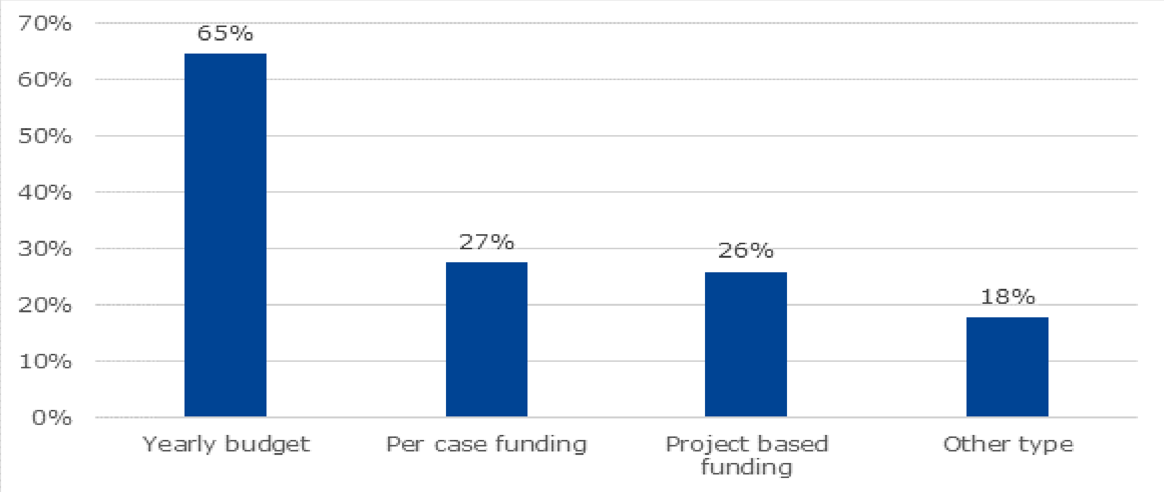
- Funded by the citizen through public funding via taxation; and
- Funded by the consumer through levies on the financial services survey and compensated for by more expensive financial products.

In this presentation, the hybrid case of the UK was presented, where some organisations receive publicly funded budget, and a share is retrieved from the amount recovered after a debt settlement was reached (about 10% of the amount recovered). For this study, the main funding model of interest is the first one, publicly funded, as for the second option a voluntary agreement by the industry would be required.

Looking into the survey responses, the same tendency can be observed. Most participating debt advice providers work with a yearly budget. The sum of the answers exceeds 100% because it is possible that organisations are using two different funding models. This question was answered by less than 25 percent of participants, that is why a split view by country or area of work is not beneficial, since some of the sup-groups would have only a few responses.

[115] Schmalzried, M. (2018). Coface presentation on "funding debt advice" for the Stakeholder Forum on Debt Advice and retrieved from the Main elements of the discussion and presentations report. Available at: https://ec.europa.eu/info/live-work-travel-eu/consumer-rights-and-complaints/consumer-financial-products-and-services/consumer-protection-financial-services_en

Figure 17: Type of financing structure

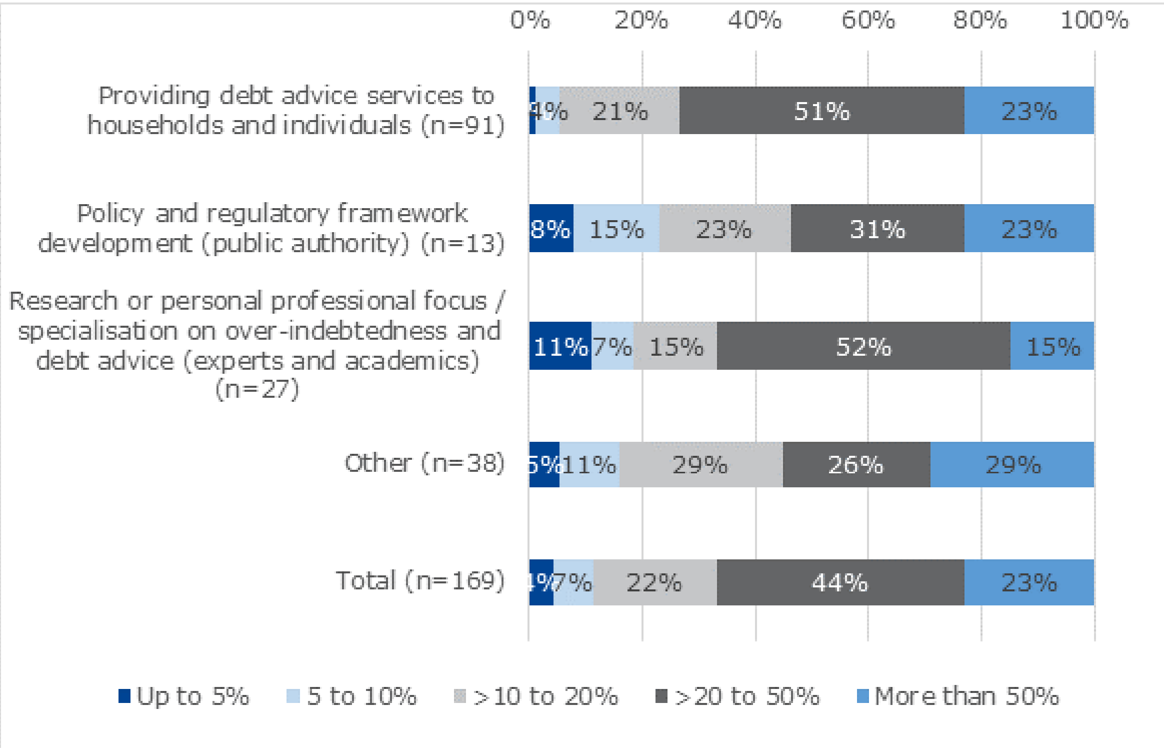


Note: results are based on 125 observations, multiple responses possible.
Source: VVA & CEPS elaborations based on online survey responses

6.1 Ideal scenario: Funds needed to meet the demand

Looking into the increase of budget needed, almost a quarter of those survey respondents who believe debt advice needs a higher budget believe that the budget should be increased by at least 50 percent. Except for the financial service providers, the groups are very similar in their responses.

Figure 18: In your opinion, how much would the budget need to increase to improve the availability of debt advice? [By type of involvement]



Note: results are based on 169 observations.
Source: VVA & CEPS elaborations based on online survey responses

Considering the unsatisfied demand of debt service advisory which amounts to 13.964 million households in EU27 (***Table 23***), it has been estimated that **additional funding needed to cover the entire demand** (based on current needs and current spending in Member States) would amount to ca. **€1 billion**.

Table 24: additional funding needs to cover the unsatisfied demand of debt advice by Member State, 2019

Member State	Additional funding needs
Austria	€ 12,952,104.77
Belgium	€ 19,659,482.88
Bulgaria	€ 16,318,151.55
Croatia	€ 9,301,304.08
Cyprus	€ 2,419,813.44
Czechia	€ 5,012,544.79
Denmark	€ 23,406,964.53
Estonia	€ 2,361,688.88
Finland	€ 24,267,968.73
France	€ 242,055,805.35
Germany	€ 103,871,712.32
Greece	€ 76,271,220.00
Hungary	€ 4,548,164.30
Ireland	€ 22,767,433.96
Italy	€ 157,421,457.60
Latvia	€ 2,762,153.72
Lithuania	€ 3,577,808.01
Luxembourg	€ 1,037,530.00
Malta	€ 920,887.11
Netherlands	€ 29,331,366.40
Poland	€ 37,859,596.20
Portugal	€ 10,212,349.14
Romania	€ 41,206,494.56
Slovakia	€ 7,706,914.52
Slovenia	€ 7,354,133.16
Spain	€ 125,394,356.88
Sweden	€ 26,804,752.00
Total	**€1,016,804,158.88**

Source: VVA & CEPS calculation using the total costs of debt advice (Table 23) calculated using the labour cost indicator [Eurostat lc_lci_lev] of 2019 multiplied by 3 hours (average time spent per case) multiplied by the number of households representing the unmet demand (Table 18).

This estimate has been reached starting from the unsatisfied demand in every Member States (based on the 2019 level of arrears of households) and considering:

- The EU27 + UK average hours per case spent (***Table 5***);
- The labour-cost per hour index of a worker in the NACE "*Human health and social work activities*" in every Member States (***Table 8***);[116]

[116] Source: https://ec.europa.eu/eurostat/web/products-datasets/-/teilm100

- Overheads costs, which are assumed to be 15% more to the labour costs (please refer to Box 2).[117]

Considering the data limitations, the methodology used for the funding needs provide robust estimate to describe the needs of the Member States. However, it represents an "*optimal scenario*" in which every household, representing the unmet demand of debt advice service, received an average of three hours counselling for free. In addition, the use of the *average time spent per case* provides a one-size-fit all solution that may not fully depict the complexity of the potential universe of cases.

In addition, the *average time spent per case* is based on the current services provided in the Member States, which does not capture the differences in the level of quality of the debt advice currently provided.

In fact, debt-advice can be a long-term process which often needs several meetings to collect information, to negotiate with the creditors, and also to solve social and familiar problems and to organise social welfare (electricity, shelter, food, government support, treatment of diseases, social contacts, a basic bank account etc...). In some Member States, the debt-advice might be limited to budgeting or legal advice without considering the social aspects of it.

In terms of source of funds, according to interviews conducted, private debt advice is not affordable for the majority of consumers concerned without additional financial resources. Private offers are often not adequate for the needs of over-indebted consumers and sometimes do not solve the problems but leads to an extension of the phase of over-indebtedness. There is also a certain risk, that non-independent providers do not work in the best interest of the consumers (high costs, bad settlements, no solutions that the people concerned can sustain in the long term). Even creditors, in some cases, seem to prefer judicial debt resolution and debt counselling solutions by state-recognised organisations rather than agreements by non-independent providers.[118]

6.2 Other funding scenarios

As indicated in the beginning of this chapter, the total amount of funds needed to close the unmet demand are based on a series of assumptions and harmonised level of data. **This would be the ideal scenario** where the funds are focused on a broad provision of support to all households facing potential difficulties, not only those that are already over-indebted.

The actual funding available on EU level targeted to this aspect of providing debt advice services could potentially fall under the European Social Fund (ESF).[119] The total funding amount might not reach the estimated costs or funds needed resulting from the quantification efforts based on harmonised data. Looking into potential options where the available funds might be lower than the estimated amount in this study, there are some options that could be explored.

First, targeted social projects or programmes for specific groups of vulnerable persons could be set in place and financed publicly, either though national or local level.

[117] Based on the case study in Box 2, the overheads costs include expenses for premises and facilities management, finance, IT, and Communications department

[118] CIVIC Consulting (2013), 222.

[119] This could be the case considering that the ESF finances the implementation of the principles from the European Pillar for Social Rights. This Pillar, under Chapter III, focuses on social protection and inclusion, including aspects of income, access to essential services and other social assistance. See for example: https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

Next to focused and targeted programmes, another potential way of supporting the implementation of debt advice with a limited budget could be to provide models for implementation of debt advice bureaus through local communities. This means that funding could be provided to those communities that wish to establish local debt advice bureaus by supporting the budget for rent for an office, two debt advisors for one year, ICT needed, etc. However, the long-term success of this option will depend on how the continuity of the incomes and the financial contributions will be guaranteed.

Third, the funding could be focussed on investing in researching and monitoring over-indebted households at the moment over the full period of debt advice, from beginning to end (about six to eight years). This could enable identifying the most successful measures and the best way to enable over-indebted people to reintegrate to a debt-free life. This could then serve as a potential starting point for selecting potential measures to implement in countries or regions where debt advice is not yet (fully) available, as to prioritise certain aspects.

A final option that would not require substantive funding could be in the area of harmonisation or sort of "standardisation". For instance, the EU could support the development of sort of standards that would enable to create a benchmark but also criteria for grants or programmes that help organisations to fulfil those standards.

6.2.1 ***Priority clustering***

In order to understand potential priorities of funding, this study has developed a taxonomy of countries and a clustering of countries for the funding scenarios. One way of providing the funding support may be based on grants, i.e. financial contributions awarded by the contracting authority to the grant beneficiary. EU grants, in particular, are funded by the EU general budget or the European Development Fund (EDF). There are two main types of EU grants:

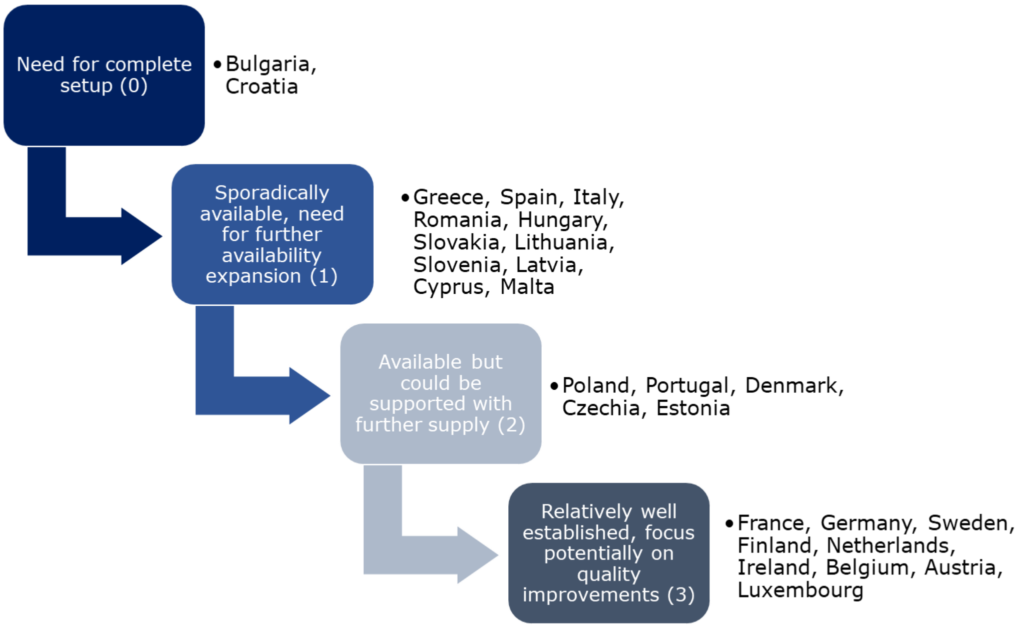
- An action grant funds a specific action intended to help achieve one of our policy objectives.
- An operation grant funds the operating costs of an organisation pursuing an objective supporting our policies."[120]

In this case, one potential way of providing the funding support could be through operation grants for organisations in the field to cover their operating costs for providing debt advice, including the costs for putting in place ex-novo new debt-advice bureaus.

The level of advice availability (see Figure 3: ***Provision of debt advice by country*** drives the needs for funding support in setting up first level of advice services. Bulgaria and Croatia were assigned to their own category as the main provision of debt advice in these Member States is focused solely on private actors. The clustering used for the scenarios is shown in the figure below.

[120] European Commission (n.d). Grants. Available at: https://ec.europa.eu/international-partnerships/grants_en

Figure 19: Clustering of countries in terms of funding priorities



Based on this clustering, the lower level of advice availability (top to bottom), the higher need for funding support (bottom to top).

However, not only the availability of advice is important to determine the different funding scenarios. Therefore, we have also clustered countries according to the number of households where demand is not satisfied. This had led to the following conclusions:

- i) Urgent: Top five priority countries where advice is not available and the size of unmet demand the highest are Bulgaria, Croatia, Greece, Spain and Italy;
- ii) Priority: Next to the urgent countries and following their level of availability and size of unmet demand are Romania, Hungary, Slovakia, Lithuania, Latvia, Slovenia, Cyprus and Malta;
- iii) Relatively well in place and future development to be observed are for Poland, Portugal, Denmark, Czechia and Estonia; and
- iv) Well established countries where the strategy could rather focus on other aspects such as quality are the countries France, Germany, Netherlands, Finland, Belgium, Sweden, Ireland, Austria and Luxembourg.

Country (EU-27)	Level of advice availability	Unsatisfied demand number
BG	0	788,317
HR	0	232,560
EL	1	1,842,300
ES	1	1,746,576
IT	1	1,555,548
RO	1	1,155,862
HU	1	198,000
SK	1	176,000
LT	1	136,135
LV	1	110,352
SI	1	83,000
CY	1	61,771
MT	1	15,694
PL	2	1,097,000
PT	2	211,000
DK	2	175,835
CZ	2	106,000
EE	2	52,658
FR	3	2,365,000
DE	3	931,000
NL	3	233,000
FI	3	232,000
BE	3	228,000
SE	3	198,000
IE	3	180,000
AT	3	109,000
LU	3	7,000

Legend	
Level of advice availability	3 = well developed
	2 = available
	1 = sporadical
	0 = need for complete set up (private only)
	Top five priority countries
	Secondary priority countries
	Relatively well in place - future development to be observed
	Well established, strategy should focus on quality (e.g. training) than basic support for setting up services

Source: VVA & CEPS elaboration based on total number of households in EU 27 and UK (EU-LFS), the % of households in arrears (EU-SILC), interviews with debt advice practitioners and national sources

With regards to the size of the funds that could be required, various scenarios have been used. These are shown and explained in the sections below.

6.2.2 Scenario 1: Funding needs based on number of clients likely reached

Following the desk research and literature review conducted, about 6% of clients are reached on average. Applying this share to the real-life potential number of clients reached, the potential number of cases that would require attention within an initial setup of advice services becomes lower, to which the funding needs then adjust. This is helpful to have an initial understanding of a first step towards closing the demand gap. In addition, following the practice of a country where advice services are well established, the UK, about 30% of clients are face-to-face advice clients. These are then the potential clients that would come to an organisation and the advisors that could be setup supported by the funding.

Adjusting these numbers, to the potential number of households reached, as well as the average costs for an average case, the table below summarises the funding needs for Scenario 1.

Table 25: Funding needs for Scenario 1

Country (EU-27)	Level of advice availability	Unsatisfied demand number	Adjusted number of potential clients to reach (6%)	Adjusted number of potential clients to reach f2f (30%)	LCI per average case	Adjusted needs personnel
BG	0	788,317	47,299	14,190	€ 18	€ 255,415
HR	0	232,560	13,954	4,186	€ 35	€ 146,513
EL	1	1,842,300	110,538	33,161	€ 36	€ 1,193,810
ES	1	1,746,576	104,795	31,438	€ 72	€ 2,263,562
IT	1	1,555,548	93,333	28,000	€ 88	€ 2,463,988
TOTAL URGENT						**€ 6,323,288**
RO	1	1,155,862	69,352	20,806	€ 31	€ 644,971
HU	1	198,000	11,880	3,564	€ 20	€ 71,280€ 7
SK	1	176,000	10,560	3,168	€ 38	€ 120,384
LT	1	136,135	8,168	2,450	€ 29	€ 71,062
SI	1	110,352	6,621	1,986	€ 57	€ 113,221
LV	1	83,000	4,980	1,494	€ 29	€ 43,326
CY	1	61,771	3,706	1,112	€ 36	€ 40,028
MT	1	15,694	942	282	€ 51	€ 14,407
TOTAL PRIORITY						**€ 7,441,968**
PL	2	1,097,000	65,820	19,746	€ 30	€ 592,380
PT	2	211,000	12,660	3,798	€ 42	€ 159,516
DK	2	175,835	10,550	3,165	€ 122	€ 386,134
CZ	2	106,000	6,360	1,908	€ 41	€ 78,228
EE	2	52,658	3,159	948	€ 39	€ 36,966

Country (EU-27)	Level of advice availability	Unsatisfied demand number	Adjusted number of potential clients to reach (6%)	Adjusted number of potential clients to reach f2f (30%)	LCI per average case	Adjusted needs personnel
TOTAL SPORADICAL AVAILABILITY AND FUTURE DEVELOPMENT CATEGORY						**€1 5,018,480**
FR	3	2,365,000	141,900	42,570	€ 89	€ 3,788,730
DE	3	931,000	55,860	16,758	€ 97	€ 1,625,526
SE	3	233,000	13,980	4,194	€ 100	€ 419,400
FI	3	232,000	13,920	4,176	€ 91	€ 380,016
NL	3	228,000	13,680	4,104	€ 112	€ 459,648
IE	3	198,000	11,880	3,564	€ 100	€ 356,400
BE	3	180,000	10,800	3,240	€ 95	€ 307,800
AT	3	109,000	6,540	1,962	€ 103	€ 202,086
LU	3	7,000	420	126	€ 130	€ 16,380
TOTAL ALL COUNTRIES						**€ 22,574,466**

Source: VVA & CEPS elaboration based on total number of households in EU 27 and UK (EU-LFS), the % of households in arrears (EU-SILC), interviews with debt advice practitioners and national sources; and the Labour Cost Index (EU-LCI)

6.2.3 Scenario 2: Funding needs based on UK benchmark

Another approach followed for identifying potential funds for countries to close the demand gap and to set-up face-to-face advice, is the use of a country where advice services are well established and use the country as benchmark. Such a potential benchmarking country is the UK.

In order to identify the personnel and the other costs needed, data from the CAB are taken (see Annex 1: Report on Funding of Debt Advice). Here, the CAB reports the costs of face-to-face advice and the share of costs per type of cost, such as personnel costs (25%) and other direct and support costs (28%). The remaining cost categories would not apply to the case of setting a first level of services (providing grants). In order to understand how much of the annual costs would apply to the other countries, two adjustments are made:

- Share of unsatisfied demand in the country, respective to the UK's unsatisfied demand, in order to adjust the respective costs to the potential pool of clients in the respective country;
- Price level indices respective to the UK, in order to adjust for macro-economic differences between the countries.

These shares are then applied to the costs for personnel and other direct and support costs for each country. The table below summarises the costs of one organisation to provide face-to-face (f2f) advice adjusted to the price levels[121] of the UK and unsatisfied

[121] In order to do so, Eurostat's Purchasing power parities (PPPs), price level indices and real expenditures for ESA 2010 aggregates [PRC_PPP_IND]. Available at: https://ec.europa.eu/eurostat/databrowser/view/prc_ppp_ind/default/table?lang=en

demand vis-à-vis the UK, the other direct and support costs, and the total potential costs.

In order to facilitate the understanding, the main data used from the UK are the following:

- Personnel costs face-to-face advice: EUR 45,643,864
- Direct and support costs face-to-face advice: EUR 51,121,127
- Ratio direct and support costs over personnel costs: 1.12
- Price level index UK: 115.7

Applying these data to the various countries, the potential personnel costs and other direct and support costs benchmarked to the UK case are shown in the table below.

Table 26: Funding needs for Scenario 2

Country (EU-27)	Level of advice availability	Unsatisfied demand number	Potential personnel costs for one organisation f2f	Potential other costs for one organisation f2f	Total needs f2f
BG	0	788,317	€ 6,823,519	€ 7,642,341	€ 14,465,860
HR	0	232,560	€ 2,515,291	€ 2,817,126	€ 5,332,418
EL	1	1,842,300	€ 25,080,461	€ 28,090,116	€ 53,170,577
ES	1	1,746,576	€ 26,749,469	€ 29,959,405	€ 56,708,875
IT	1	1,555,548	€ 25,503,687	€ 28,564,129	€ 54,067,816
TOTAL URGENT					**€ 183,745,545**
RO	1	1,155,862	€ 10,080,569	€ 11,290,237	€ 21,370,805
HU	1	198,000	€ 2,096,145	€ 2,347,682	€ 4,443,827
SK	1	176,000	€ 2,171,380	€ 2,431,946	€ 4,603,326
LT	1	136,135	€ 1,512,486	€ 1,693,984	€ 3,206,471
SI	1	110,352	€ 1,523,963	€ 1,706,839	€ 3,230,802
LV	1	83,000	€ 1,003,632	€ 1,124,067	€ 2,127,699
CY	1	61,771	€ 910,670	€ 1,019,951	€ 1,930,621
MT	1	15,694	€ 220,586	€ 247,057	€ 467,643
TOTAL PRIORITY					**€ 225,126,740**
PL	2	1,097,000	€ 10,913,449	€ 12,223,063	€ 23,136,513
PT	2	211,000	€ 2,920,819	€ 3,271,317	€ 6,192,136
DK	2	175,835	€ 3,838,071	€ 4,298,639	€ 8,136,710
CZ	2	106,000	€ 1,255,730	€ 1,406,418	€ 2,662,148
EE	2	52,658	€ 700,498	€ 784,557	€ 1,485,055
TOTAL SPORADICAL AVAILABILITY AND FUTURE DEVELOPMENT CATEGORY					**€ 266,739,302**
FR	3	2,365,000	€ 42,257,677	€ 47,328,598	€ 89,586,274
DE	3	931,000	€ 12,674,325	€ 14,195,244	€ 26,869,569
SE	3	233,000	€ 4,700,790	€ 5,264,885	€ 9,965,674

Country (EU-27)	Level of advice availability	Unsatisfied demand number	Potential personnel costs for one organisation f2f	Potential other costs for one organisation f2f	Total needs f2f
FI	3	232,000	€ 4,802,091	€ 5,378,341	€ 10,180,432
NL	3	228,000	€ 4,372,344	€ 4,897,025	€ 9,269,369
IE	3	198,000	€ 3,852,112	€ 4,314,365	€ 8,166,477
BE	3	180,000	€ 3,322,259	€ 3,720,930	€ 7,043,188
AT	3	109,000	€ 2,022,513	€ 2,265,215	€ 4,287,728
LU	3	7,000	€ 144,433	€ 161,764	€ 306,197
TOTAL ALL COUNTRIES					**€ 432,414,210**

Source: VVA & CEPS elaboration based on total number of households in EU 27 and UK (EU-LFS), the % of households in arrears (EU-SILC), interviews with debt advice practitioners and national sources; and price level indices (EU-PRC_PPP_IND).

6.2.4 Scenario 3: Funding a few advisors and locations for advice

Another way of providing a preliminary funding support to build first types of services, is the focussing of funds through grants that could cover personnel costs and other direct and support costs, as listed in the section before. In order to identify the potential personnel costs and the respective other direct costs for one location and two advisors, as recommended by an expert consulted for the study.

In order to adjust these personnel and other costs to the respective countries, a benchmarking approach was also used in this scenario. In this case, an estimate provided by a Danish organisation of one advisor's cost per year reaching EUR 47,383. Adjusting the costs to the country's price levels, the UK equivalent of the cost for one advisor per year would be EUR 41,096.[122]

The personnel costs for one advisor were then adjusted for the respective country's price levels and the other direct costs estimated by applying the same ratio of direct costs vis-a-vis personnel costs to the countries' personnel costs, the following funding needs for one organisation with two advisors are estimated.

Table 27: Funding needs for Scenario 3

Country (EU-27)	Level of advice availability	Unsatisfied demand number	Costs for two advisors	Costs for direct costs over personnel costs	Total costs two advisors and other costs
BG	0	788,317	€ 18,790	€ 21,044	€ 39,834
HR	0	232,560	€ 23,478	€ 26,296	€ 49,774
EL	1	1,842,300	€ 29,552	€ 33,098	€ 62,650
ES	1	1,746,576	€ 33,246	€ 37,235	€ 70,481

[122] The adjustment to the UK is necessary in order to enable the estimation of other direct and support costs, as robust data on the distribution of those costs was only available for the UK

Country (EU-27)	Level of advice availability	Unsatisfied demand number	Costs for two advisors	Costs for direct costs over personel costs	Total costs two advisors and other costs
IT	1	1,555,548	€ 35,590	€ 39,861	€ 75,451
TOTAL URGENT					**€ 298,190**
RO	1	1,155,862	€ 18,932	€ 21,204	€ 40,135
HU	1	198,000	€ 22,981	€ 25,739	€ 48,719
SK	1	176,000	€ 26,781	€ 29,995	€ 56,777
LT	1	136,135	€ 24,118	€ 27,012	€ 51,129
SI	1	110,352	€ 29,978	€ 33,576	€ 63,554
LV	1	83,000	€ 26,249	€ 29,398	€ 55,647
CY	1	61,771	€ 32,003	€ 35,843	€ 67,846
MT	1	15,694	€ 30,511	€ 34,172	€ 64,683
TOTAL PRIORITY					**€ 746,681**
PL	2	1,097,000	€ 21,596	€ 24,187	€ 45,783
PT	2	211,000	€ 30,049	€ 33,655	€ 63,704
DK	2	175,835	€ 47,383	€ 53,068	€ 100,451
CZ	2	106,000	€ 25,716	€ 28,802	€ 54,518
EE	2	52,658	€ 28,877	€ 32,342	€ 61,219
TOTAL SPORADICAL AVAILABILITY AND FUTURE DEVELOPMENT CATEGORY					**€ 1,072,356**
FR	3	2,365,000	€ 38,787	€ 43,441	€ 82,228
DE	3	931,000	€ 29,552	€ 33,098	€ 62,650
SE	3	233,000	€ 43,795	€ 49,051	€ 92,846
FI	3	232,000	€ 44,932	€ 50,324	€ 95,255
NL	3	228,000	€ 41,628	€ 46,624	€ 88,252
IE	3	198,000	€ 42,232	€ 47,300	€ 89,532
BE	3	180,000	€ 40,066	€ 44,873	€ 84,939
AT	3	109,000	€ 40,279	€ 45,112	€ 85,391
LU	3	7,000	€ 44,790	€ 50,164	€ 94,954
TOTAL ALL COUNTRIES					**€ 3,965,631**

Source: VVA & CEPS elaboration based on total number of households in EU 27 and UK (EU-LFS), the % of households in arrears (EU-SILC), interviews with debt advice practitioners and national sources; and price level indices (EU-PRC_PPP_IND).

6.3 Comparison of funding scenarios

The identification of different scenarios may be compared in order to understand the share that would go to the four priority groups but also to understand the potential usefulness of the different scenarios for each group. The table below shows the funding needs per scenario and country.

Table 28: Comparison of fundings by scenario

Country (EU-27)	Ideal Scenario	Scenario 1	Scenario 2	Scenario 3
BG	€ 16,318,152	€ 255,415	€ 14,465,860	€ 39,834
HR	€ 9,301,304	€ 146,513	€ 5,332,418	€ 49,774

Country (EU-27)	Ideal Scenario	Scenario 1	Scenario 2	Scenario 3
EL	€ 76,271,220	€ 1,193,810	€ 53,170,577	€ 62,650
ES	€ 125,394,357	€ 2,263,562	€ 56,708,875	€ 70,481
IT	€ 157,421,458	€ 2,463,988	€ 54,067,816	€ 75,451
RO	€ 41,206,495	€ 644,971	€ 21,370,805	€ 40,135
HU	€ 4,548,164	€ 71,280	€ 4,443,827	€ 48,719
SK	€ 7,706,915	€ 120,384	€ 4,603,326	€ 56,777
LT	€ 3,577,808	€ 71,062	€ 3,206,471	€ 51,129
SI	€ 7,354,133	€ 113,221	€ 3,230,802	€ 63,554
LV	€ 2,762,154	€ 43,326	€ 2,127,699	€ 55,647
CY	€ 2,419,813	€ 40,028	€ 1,930,621	€ 67,846
MT	€ 920,887	€ 14,407	€ 467,643	€ 64,683
PL	€ 37,859,596	€ 592,380	€ 23,136,513	€ 45,783
PT	€ 10,212,349	€ 159,516	€ 6,192,136	€ 63,704
DK	€ 23,406,965	€ 386,134	€ 8,136,710	€ 100,451
CZ	€ 5,012,545	€ 78,228	€ 2,662,148	€ 54,518
EE	€ 2,361,689	€ 36,966	€ 1,485,055	€ 61,219
FR	€ 242,055,805	€ 3,788,730	€ 89,586,274	€ 82,228
DE	€ 103,871,712	€ 1,625,526	€ 26,869,569	€ 62,650
SE	€ 26,804,752	€ 419,400	€ 9,965,674	€ 92,846
FI	€ 24,267,969	€ 380,016	€ 10,180,432	€ 95,255
NL	€ 29,331,366	€ 459,648	€ 9,269,369	€ 88,252
IE	€ 22,767,434	€ 356,400	€ 8,166,477	€ 89,532
BE	€ 19,659,483	€ 307,800	€ 7,043,188	€ 84,939
AT	€ 12,952,105	€ 202,086	€ 4,287,728	€ 85,391
LU	€ 1,037,530	€ 16,380	€ 306,197	€ 94,954

The comparison between the funding scenarios showed, that the urgent cases would be assigned 28% of the total funds in scenario 1, followed by 42% in scenario 2 and 16% in scenario 3. The priority group (group 2) would receive 5% in scenario 1, 10% in scenario 2 and 24% in scenario 3. Group 3 would be assigned 6% of the total in scenario 1, 10% in scenario 2 and 18% in scenario 3. Finally, group 4 would receive 33% of the funding in scenario 1, 38% in scenario 2 and 42% in scenario 3.

Overall, scenario 3 shows the most balanced distribution of the total funds, which is understandable as it is linked to a specific number of advisors to be financed and the respective share of potential other direct and support costs being tied to the personnel costs. Nevertheless, funding scenario 3 would most likely be the most benefitting option in countries where availability of debt advice is very low, so as to enable existing organisations in the country to cover costs of setting up such a service. In comparison, in countries where advice is already relatively to well established, the targeting of funds to cover costs of setting up advice would most likely not bring the most added value. Instead, investments could focus on more targeted areas, such as local areas where the services are sporadically or to focus on the improvement of quality.

7 Findings from best practices events

The original objective of Task 2 was to organise two non-consecutive one-day seminars in presence, focused on the exchange of good practices among debt-advisory stakeholders including advisors, NGOs, associations, consumer organisations and policymakers. The seminars should host about 80 to 120 participants in Brussels each.

The COVID-19 related health risks and imposed government measures that came into play after the proposal submission required to make some revisions to the organisation and timing of the seminar necessary. In agreement with EISMEA/DG JUST it was decided to change the seminars to online seminar series. This required to change the format of the meeting.

A full report on the findings and results of the best practices seminars is attached to this Final Report as Annex 2 (Good Practices in Debt Advice Meeting Report).

7.1 Objectives

The objective for both seminars remained largely the same as before:

- To have a broad participation of at least 100 participants per seminar
- Diverse participation by both active as well as passive participants
- Allow to develop mutual learning among participants (exchange ideas, proposals, and results of past, current and future initiatives of common interest for debt-advisors)
- First seminar had to take place before the trainings envisaged under Task 3, while the second seminar had to take place after Task 3

7.2 Format and good practices

The main challenges for the organisation of online meetings are the shorter attention span of the audience and interactivity between the presenters and audience as well as among the audience. This required to change the programme.

Both the first and second seminar consisted of three two-hour seminars instead of one full day. Each of the seminars started with an introduction video introducing the seminar series and the good practices that were presented during the respective session. The plenary sessions that followed were shortened to about 70 minutes each. During each plenary session three good practices were presented followed by a short Q&A. In the focus groups after the plenaries the participants that wanted to know more about a specific good practice could discuss this good practice in an open interactive discussion with the presenters moderated by the consortium (about 50 minutes). There was one focus group for each good practice.

Representatives of European Commission provided the introductory remarks, encouragement to participate in the focus groups and closing plenary.

The good practices for the event were proposed by the research team and accepted by EISMEA and DG JUST.

The figures below provides the seminar agenda and a short summary of the good practices. Please see the full event report for more detail in Annex 2 (Good Practices in Debt Advice Meeting Report).

Figure 20: Programme first Online Seminar Series

Source: Project team

Figure 21: Programme second Online Seminar Series

Source: Project team

The table below provides an overview of the main specifications for the online seminars on good practices in debt advice.

Table 29: Overview of specifications for the online seminars

Item	Specifications
Programme	• Welcome (3*5 min) • Short good practice presentations and Q&A (3*3*20 min) • Closing/transition statements (3* 5 min) • Focus groups discussions (3*50 min)
Motivation	• Translate original format to online friendly format • Conducting seminars in short period of time
Good practices	• 9 good practices
Duration	• 3*120 min (excl. breaks)
Date	*First seminar series* • Tuesday 19 January 2021 – 10h00-12h00 • Thursday 21 January 2021 – 10h00-12h00 • Tuesday 26 January 2021 – 10h00-12h00 *Second seminar series* • Tuesday 21 September 2021 – 10h00-12h00 • Thursday 23 September 2021 – 10h00-12h00 • Tuesday 28 September 2021 – 10h00-12h00
Platforms	• Zoom • YouTube
Invitation process	• Save the date • Personalised invitations to identified stakeholders (invitation plus reminders) • Request to main EU associations to circulate the invitation among their members (invitation plus reminders) • Invitation using relevant CEPS-mailing lists (invitation plus reminders) • Publication on European Commission portals • Publication on CEPS-website and social media
Registration	• CEPS registration system (online form – once for all sessions) • Email confirming registration • Calendar-invites with details • Reminder just before start of each seminar
Selection for focus groups	• Preference indicated in registration process • Preference indicated during seminar • Distribution during the meeting by host
Action(s) to enhance retention	• Video to create 'wow' factor at the start of the seminar • Allowing seminars to be more topical • Short presentations of good practices • Focus groups based on needs and interests of participants • Shorter seminar to the ideal length (plenary part) • Organise the seminar at the ideal time for most participants
Follow-up	• Email with presentations, overview of good practices, links to video registration of the sessions (long) and summary videos of session(short) and contacts for follow-up • Meeting report
Evaluation	• Invitation and reminder to actual participants to complete evaluation form • Moderator feedback after each seminar • Analysis of Zoom-participation data
Technical support	• Technical preparation session several days before first seminar • Email and phone support on the day of the seminars

7.3 Ensuring success of online event

In order to avoid technical difficulties for the speakers, the Study Team organised test sessions before the online seminars as well as ask them to connect already 30 minutes before the sessions.

In order to ensure that all participants could join, the Study Team offer them to test the programme before the event, offer technical support during the event and offer with YouTube an alternative programme where the conference can be followed.

7.4 Participation

The online format provided an opportunity to broaden the participation. Indeed, the online format allowed to invite all the relevant stakeholders as there is in practice no limit in the participation. This allowed to invite all the stakeholders that had been identified in the stakeholder mapping, stakeholder activities (interviews, surveys, etc.) and also ask the various relevant associations to extent the invitation to their members.

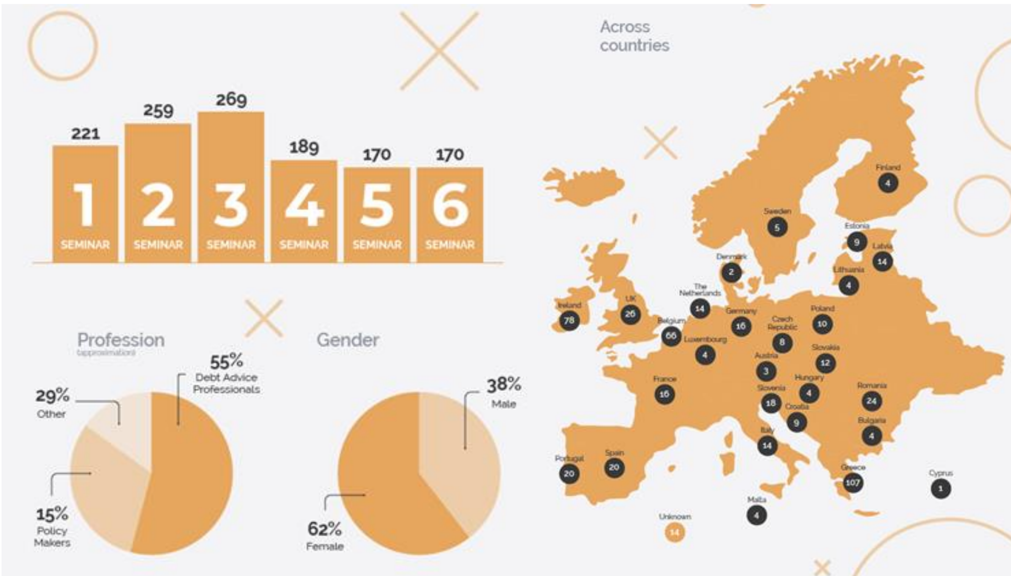
Stakeholders invited to the event were provided an information package containing the finalised agenda, connection details and confirmation. The information package also contained a brief introduction of the good practices presented allowing stakeholders to familiarise themselves with the content of the discussions. The information package was shared with stakeholders via email.

Moreover, the online format also allowed to have online friendly recordings, which allowed participants to re-watch the meeting, share the recording with others as well as allow non-participants to watch the conference re-live.

For each of the good practices a short video was prepared introducing the good practice. These videos were uploaded to YouTube[123] and shared with the participants.

The participation in the event was above expectation. Moreover, the increasing participation of the first seminar series and fairly similar number of participants of the second seminar series, which suggest that the seminars were much appreciated by participants as confirmed by the evaluation below. In total, 530 people participated in the online seminar series, attending on average 2.4 seminars. This is about five times the original minimum target of 100 participants. The majority of the participants were debt advice professionals (55%), but a substantial share were policymakers (15%). They participated from all EU-27 Member States and the UK.

Figure 22: Participants Online Seminar Series



Source: Project team based on participant data.

[123] Available at: https://www.youtube.com/watch?v=0IXC_6V8vvQ&list=PLvn7333OPQDhlFpVQ22pv3xv8AJi7FBvn

7.5 Participant feedback

Based on the evaluation survey (109 observations), all the participants considered the seminars good or excellent.

Looking at the organisation, all the participants taking part in the survey indicated that they deemed the seminars well or extremely well organised. Most of the participants also did not share any possibilities to improve the organisation of potential future seminars. Those few participants that did, indicated that they would like to have interpretation, longer presentations and more of these seminars.

Turning to the content of the seminars, nearly all the participants (96%) considered the online seminar series very or extremely informative. The participants indicated that they liked the possibility to learn through the exchange of proven experiences with debt advisors from other countries. This was appreciated by debt advisors from countries where debt advice is barely existent or uniform for which the good practices were often entirely new, while others liked to receive confirmation that their debt advice is already of good quality and optimise further. Moreover, the participants liked that there was the possibility to discuss the good practices with the representatives and other participants.

All the participants indicated that it is likely to extremely likely that they will use the information obtained in practice within two years. Moreover, the large majority of participants (93%) are very likely or extremely likely to share the information obtained with their colleagues. The seminars covered six types of good practices, including good practices about:

- **Detection of households in need of debt advice**, For most households it is a taboo to admit that they have financial difficulties and need help. This is one of the main reasons why most households in need of debt advice ask for debt advice when their problems are very hard to solve. The earlier detection of financial vulnerable households and pro-actively approaching them for debt advice can overcome this challenge. There are various good practices that aim to detect financially vulnerable households, based on a risk-assessment based on their characteristics/payment records or actual arrears on important commitments (e.g. utility bills),
- **Providing debt advice**. Over-indebtedness is much more than just a financial problem. Solving the over-indebtedness requires also legal expertise, while over-indebtedness often also leads to psychological and social problems. Moreover, there are many different causes of over-indebtedness and the problems it causes between households. This implies that there is only limited room for standardisation and the debt advisors need to cover a broad range of competencies including financial, legal and social. The good practices in this domain contribute to high-quality and more cost-efficient debt advice. For example through professional development of financial literacy, an ethics code for debt advice, and the design and implementation of effective debt advice interventions.
- **Agreeing the settlement** with creditors in an amicable manner is in most countries critical to resolve the excessive debt. This requires in general to obtain an understanding of the total financial obligations, financial capacity of the debtor and finding an agreement between the debtor and creditors. Debt advisors in various countries have extensive experience in finding agreements between debtors and creditors, which are shared through these good practices.
- **Innovation for debt advice** is essential to enable it to address existing and new challenges, and to take account of the increasing knowledge about the impact of over-indebtedness. The good practices in this domain address three

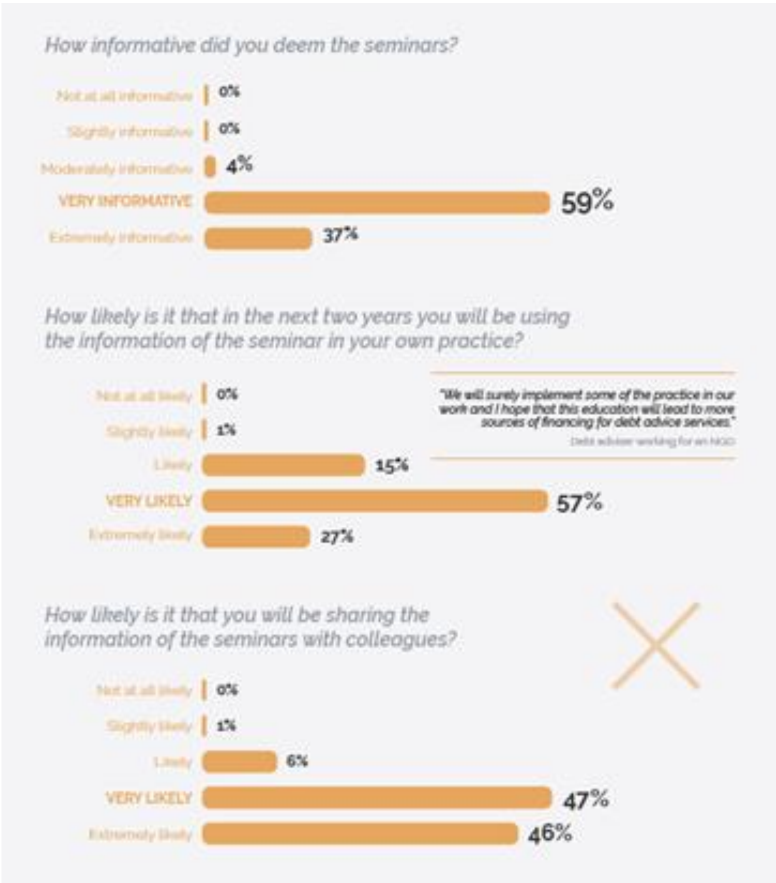
important challenges for debt advice: i) address the psychological aspects of over-indebtedness within the advice; ii) come to an arrangement between debtors and creditors more quickly; and iii) address the new forms of over-indebtedness that the digitalisation of finance has brought.

- A good **organisation of debt advice** is essential noting the limited funds and resources available in nearly all Member States**.** Most of the debt advice is funded by governments, but there are alternatives, such as consumer organisations and the financial institutions. Furthermore, to use the funds effectively, some debt advise organisations offer part of the debt advice by phone in a standardised manner, to preserve the more expensive in person debt advice to complex cases.
- **Infrastructure for providing debt advice** is essential for the delivery of high-quality independent debt advice at a large scale in a cost-efficient manner. The good practices in this domain cover, for instance the I) establishment of cost-effective professional debt advice organisations, ii) collectively agreements on covenants with creditors, and iii) support by independent institute determining the minimum living wage.

The eighteen good practices are summarised in the meeting report (see Annex 2: Good Practices in Debt Advice Meeting Report).

Based on the participants feedback all the six types of good practices are likely to be considered for the own work of some of the participants, but especially the good practices related to the early identification of the financially vulnerable households, covenants to ease the debt settlement, and emotional aspects of the debtors.

Figure 23: Participant feedback



Source: Project team based on evaluation of survey data.

In the selection of good practices the focus has been on practices that were relevant to a large share of debt advisors. Therefore, there have been relatively few cases focusing on legislative systems, which vary significantly across Member States. Nevertheless, the legal systems remain very important for debt advisors in many EU Member States. Some of the debt advisors indicated in the evaluation that they would have liked to also include good practices dealing with personal insolvency laws and the legislative systems in general.

7.6 Lessons learnt

The following observations were made during the preparation and implementation of the seminars:

- There is clearly a need to exchange good practices on debt advice, as most debt advisors are currently unaware of the good practices in other countries.
- The chosen online format worked very well noting the appreciation by participants, so could be kept the same for future seminars.
- Ideally, the communication is conducted in various languages as it forms one of the obstacles to participation.

Turning to the content of the debt advice seminars, the main observations are as follows:

- Debt advice is still relatively underdeveloped in most Member States, which is reflected in a demand for the exchange of good practices and trainings on all aspects relevant to debt advice.
- The demands related to the type of good practices differ depending on the level of development of debt advice in the country (general competences for delivery of debt advice vs specific lessons to improve the delivery of debt advice) as well as the function of the participant (debt advisor, manager, policy maker, etc.). In the selection of the good practices this was addressed by selecting a broad range of good practices and covering different good practices at each individual seminar. Another possibility would be to organise seminars addressing just
- The seminars were organised for participants from all EU Member States, therefore the good practices need to be universally applicable. This works well for most debt advisors with already a good understanding of the national systems, while for some – especially newly established – debt advice organisations there is a demand for seminars/trainings covering country specific aspects. In most cases it is unlikely that there are already existing good practices in these domains.

8 Findings from trainings

This Chapter provides an overview of the activities carried under Task 3 of this project. It provides a summary of the capacity building events in six selected Member States (Greece, Hungary, Italy, Poland, Romania and Spain) that focused on educating and informing debt-advisory service practitioners (Train-the-trainers) about adaptable best practices, new approaches and techniques.

8.1 Summary of the trainings

To ensure smooth preparation and implementation, the training was organised in three phases: preparation, training, evaluation and feedback.

To prepare for the training, the project team created an Online Academy on the Coursify Platform where all the materials used in the training were uploaded for the participants to consult, where they could pose questions, and which was accessible in all six national languages. The project team, together with the trainers, prepared handbooks and case studies to accompany the course. Documents were prepared in English and translated into the six national languages and uploaded onto the Academy. Together with the documents for the preparation for the training, the Online Academy contained all the material presented during the training. Furthermore, the experts prepared 15 teaser videos (eight for the first set of training and seven for the second set of training) where they briefly outlined what each training presentation was about. Each training session was recorded, and the videos of these recordings are also available in the Online Academy. Each video was accompanied by subtitles in the six national languages and in English. Screenshots with the materials from the Online Academy are available in the Annex 5 (Screenshots of Online Academy).

The online trainings took place in two sessions via the Zoom online platform. The training was performed in English and six national languages as live interpretation was available during the course of the training. The objective of the Train-the-Trainer seminars was to implement a series of capacity building events focused on educating and informing debt-advisory service practitioners (Train-the-trainers) about best practices, new approaches and techniques. Initially, these activities were planned to be held in person in the six selected Member States (Greece, Hungary, Italy, Poland, Romania and Spain). However, due to the COVID-19 pandemic, a decision was made to hold these activities online. Full analysis of the modules and the discussions that took place during both sets of training is available in Annex 8 (Report with the Feedback of Participants Concerning the Quality and Usefulness of the Trainings Performed under Task 3).

The first set of training took place between 19 and 30 April 2021 with 145 participants taking part. The training series commenced with an introductory session common to all participants from the six selected countries during which they were introduced to four best practice examples in the area of debt advice provision models and were introduced to ethical principles to be followed in debt advice. This was then followed by two sessions for each of the six countries where participants became familiar with the role of debt advisors and target groups and received an introduction to financial education for debt advisors. The first set of trainings concluded with a joint session for participants from all six countries where they were informed about good practice initiatives in the area of financial education and were shown insights into emotional support provision.

The second set of training took place between 15 and 30 June 2021 with 120 participants. This training series consisted of two sessions for each of the six countries where participants received practical information with regard to how to create codes of ethics illustrated via real-life case studies and they were able to test their financial knowledge through real-life case studies as well as through a financial literacy test. The training concluded with a joint session for all participants from the six countries where they learned how to provide emotional support to people in vulnerable situations and were taught how to cope with stressful situations themselves. The programme of both sets of training is available in Annex 9 (Programme of the training events).

To measure the knowledge retained from the trainings, the project team prepared a knowledge questionnaire that was disseminated among the participants after both sets of training. Participants from each country received[124] an email in their national language asking them to participate in a quiz (in English and the six national languages) on the Alchemer platform. The quiz was divided into three parts. In the first part the respondents were asked to answer some background questions such as which country they come from, what type of organisation they represent and for how long they have been providing debt-advice. The second part aimed to test their knowledge on debt-advice while the third focused on financial education. Once a respondent had completed and submitted their filled in quiz, they were shown how many questions they had answered correctly. The full knowledge questionnaire is available in Annex 7 (Report About the Impact of the Trainings on the Participants).

The satisfaction survey was disseminated among the participants after both sets of training[125]. Again, the participants were contacted via email in their national language and asked to complete the questionnaire. The survey was made available in English and the six national languages on the Alchemer platform. The survey focused on obtaining feedback on the individual lessons and modules of the training via closed and open questions. Similarly to the knowledge quiz, the participants were asked to provide information on which country and organisation they come from, then there were three sections focusing on the opening, training and closing modules. The survey concluded by asking participants to provide their overall impressions on the training organisation, set-up and staff. The full satisfaction survey questionnaire is available in Annex 8 (Report with the Feedback of Participants Concerning the Quality and Usefulness of the Trainings Performed under Task 3).

8.2 Contributions from the participants

Throughout both sets of training events, participants were encouraged to discuss the topics covered in the expert presentations and provide their opinion on different aspects related to the provision of debt advice services. The project team made sure to take notes of these discussions and analyse the opinions of the stakeholders in full detail.

For example, in the first set of training in April, participants across all six countries were asked to identify key challenges in the area of debt-advice. The identified problems were:

- **Lack of funding** is a key challenge as debt advisors are operating on a low budget and they lack financial resources and funding.

[124] May 6 after the first set of training, and July 7 after a second set of training.

[125] May 11 after the first set of training, and July 15 after the second set of training.

*In **Hungary**, a system was introduced in 2015 where richer municipalities have to finance debt-advice services from their own budgets while poorer municipalities receive financing from the government. This system created a rather uneven and fragmented service provision as many of the richer municipalities do not offer these services as their budgetary priorities lie elsewhere. Furthermore, the municipalities usually only deal with debt-advice and over-indebtedness stemming from utility use (i.e. electricity, gas, water, municipal charges, etc.). Should a consumer need support in other areas, they need to approach NGOs and other organisations.*

- **Lack of coordination** between the organisations that provide debt-advice in their respective countries was also highlighted with others pointing out that the system and network of debt advisors is either limited or inefficient.

*In **Romania**, the participants highlighted that the country first needs to develop consumer associations and organisations and teach consumers how to make the best use of these organisations for their protection and support. On top of this, debt-advice providers need to develop partnerships with other organisations that provide other kinds of support (e.g. psychological support, legal services, mentoring etc.) to vulnerable people to strengthen debt-advice provision and prevention in Romania.*

- **Lack of financial education** of the general population, and particularly lack of inclusion of financial education in primary and secondary school curricula, was also mentioned as a considerable challenge.

*In **Spain**, while financial education is a compulsory subject taught in secondary schools, it is seen as a secondary matter and is not given due attention it deserves.*

- **Lack of preventive measures** is also an acute problem in debt advice provision even though this would increase the likelihood to overcome difficulties.
- **Lack of training** for debt advisors is also considered as an obstacle for sound debt advice provision. In some countries, for example, Romania, debt advisors lack technical skills in legal and financial areas, whilst in other countries (e.g. Italy and Poland) debt advisors lack soft skills that are more linked to psychological support and empathy with their client.
- The **insufficiency and at times vagueness of the national legal framework** concerning debt advice was also seen as creating obstacles in all six countries.

*In **Greece**, the legal framework changes every few years as, according to the participants, each new government likes to make its changes to the legislation. The laws, according to the participants, are much more favourable towards banks and other financial institutions rather than consumers, especially those consumers that really want a second chance to overcome their indebtedness problems. Furthermore, there seems to be an overall lack of political will to deal with the indebtedness problem and to define who is responsible to provide debt-advice services, whether such support should be provided through governmental institutions and organisations or via civil society/consumer organisations.*

In one of the Modules of the second set of training in June, participants were encouraged to discuss what does over-indebtedness means to them. In general, participants associated over-indebtedness with anxiety and social exclusion.

Greece
"Money makes me feel secure. If I was rich, I would help people in need. To me money means security and more options in material world. To own a lot of money is not always an asset. Money is social autonomy. To own a lot of money is situation that requires proper management. If I were rich, I would help relatives and family, money means power. If I were unemployed, I would try to find a job so that I can cover my obligations. Being overindebted means being desperate because creditors hunting you and your personal life is in danger, there is a stigma and risk of losing everything."
Direct quotes from participants

Spain
"To me, money means a form of payment. Money is a mean to obtain material things, tranquillity. If I were to be unemployed, I would be lucky to have healthcare coverage for a few months that not everyone has in my country. If I were rich, I would try to manage wealth well without wasting. Money allows us to choose. Money and air are essential to live but they do not give joy. Being over-indebted means not being able to meet my payment obligations, generating a bigger and bigger snowball."
Direct quotes of a participant

Poland
"To me, money means stability. If I were to become unemployed, I'd have to rely on savings. Being over-indebted means stress. If I were rich, I'd worry less. To me, money means resource. If I were to become unemployed, I'd have to seek employment or appropriate financial aid. Being over-indebted means there are issues to be solved. If I were rich, I'd not have these problems if I also were careful."
Direct quotes of a participant

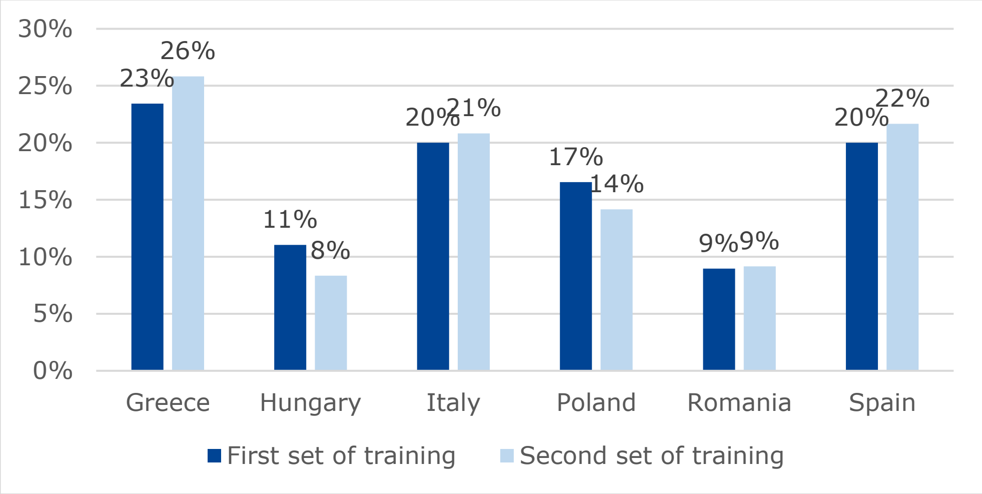
Hungary
"To me money means safety. If I were to become unemployed, I would try to get back to work as soon as possible. Being over-indebted means losing control on your life. If I were rich, I would have more available choices."
Direct quote of a participant

A full analysis of the discussions and the contribution from the participants during the training events is available in Annex 8 (Report with the Feedback of Participants Concerning the Quality and Usefulness of the Trainings Performed under Task 3).

8.3 Participants and their feedback

In total, 147 participants registered for the training. The first set of training was attended by 145 participants. The second set of training attracted 120 participants.

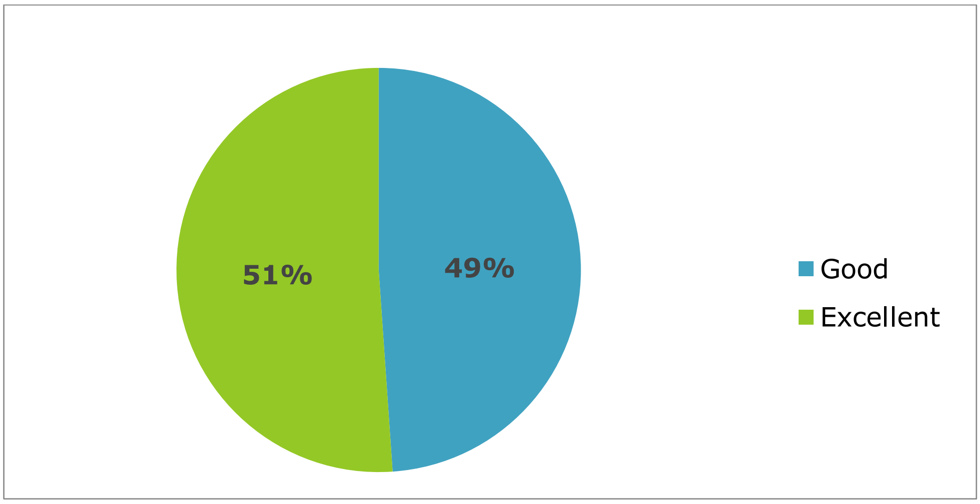
Figure 24: Origin of the training participants



Overall feedback

When asked to rate the overall training, all respondents rated it positively, with 49% deeming it good and 51% rating it as excellent. Two thirds of the participants (66%) preferred the first set of training to the second one (34%). All the training material was shared with the participants through an Online Academy which 51% of the participants rated as good and 38% as excellent.

Figure 24: Taking into account all the elements, how would you rate the whole 'Train the Trainer' initiative?



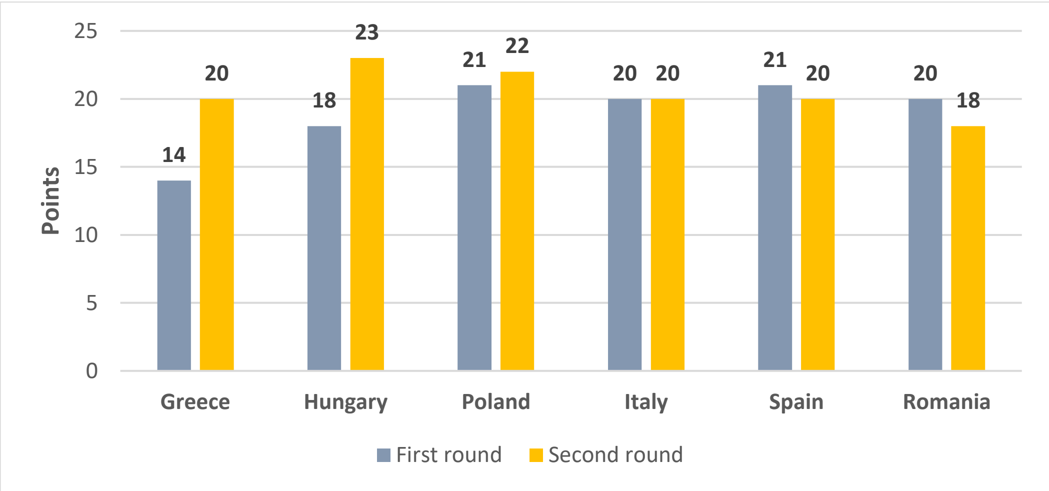
In the written feedback, the participants highlighted that they would prefer for the training to be longer to allow for more opportunities for discussion and knowledge and information exchange. The participants also enquired whether it would be possible to make such training a recurring event for debt advisors. They would also welcome more frequent opportunities to meet and exchange knowledge/practices among professionals within the EU. Detailed feedback and responses from the participants during the training is available in Annex 8 (Report with the Feedback of Participants Concerning the Quality and Usefulness of the Trainings Performed under Task 3).

Results of the knowledge quiz

After each set of training, participants were asked to complete the knowledge quiz and test the knowledge they retained during the training. Knowledge quiz consisted of two parts – six questions related to debt advice and six questions related to financial education. The quiz contained both single and multiple options questions. In total, the quiz participants were able to receive 31 points in the quiz (one point for each correct answer).

Overall, the results of the knowledge quiz in both rounds were very similar. Although the most common result (median) among all the respondents decreased from 20 to 19 points between the two rounds, the average result (mean) increased from 19 to 20 points. Respondents from Greece (by six), Hungary (by five), and Poland (by one) increased their average results, whereas averages from respondents from Romania (by two), and Spain (by one) decreased. Respondents from Italy had a 20-point average during both rounds of the knowledge questionnaire. More information on the average results from the respondents by the Member State is provided in the graph below.

Figure 25: Average results from the respondents by the Member State



When looking at the content of the quiz, the part on financial literacy and education proved to be considerably more difficult for respondents than questions on debt advice in both rounds of the questionnaire. In addition, some questions on debt advice, in particular the roles of debt advisors and the differences between debt advice and credit services together with the ethical principles in debt advice also proved to be difficult for some of the respondents.

The questionnaire was based on the content of the Training Handbook prepared for the first set of trainings. The Handbook was disseminated to the participants one week before the training commenced so that they would have time to read through it. Additionally both the Handbook and the knowledge questionnaire were translated into the six languages of the participating countries (Greek, Hungarian, Italian, Polish, Romanian and Spanish) to ensure that even participants who have limited knowledge of English are able to take part. Given that the participating countries were chosen for the sporadic nature (or total lack) of debt advice service provision low quiz scores could be ascribed to some of the participants not being familiar with the terminology and needing more time to study the different concepts. Detailed analysis of the results of the knowledge questionnaire can be found in Annex 7 (Report About the Impact of the Trainings on the Participants).

9 Conclusions and recommendations

This chapter draws the main conclusions of the project and provides recommendations for future projects in this domain.

9.1 Conclusions

Household over-indebtedness is an important social and economic problem in the EU. There are millions of households that are unable to fulfil essential payment commitments, and this might well increase in the upcoming years with the unprecedented economic shock caused by COVID-19 pandemic and the related lockdown measures.

Independent pro-active debt advice is a proven method to address over-indebtedness effectively. However, the availability and level of development of debt advice varies widely across the EU27 and the UK. There are about 15 countries[126] that offer debt advice in a more developed manner, while in the other 13 countries[127] debt advice is only provided sporadically or non-existent.[128]

In the majority of countries, debt advice relies on NGOs, charities, other social organisations, consumer organisations and private professionals, which often experience challenges to deliver their services to large groups due, primarily to limited resources. To a lesser extent, resource constraints also limit the ability of public authorities and organisations that are funded by public organisations to deliver debt advice to over-indebted households.

There are also large differences in the services provided. In the countries in which debt advice is most developed the debt advisors offer legal counselling, financial advice and social assistance. However, in many countries, debt advisors do not deliver social assistance or financial advice.

There are about 18 million households in the EU27 and UK (representing about 8% of the total households) that are over-indebted in the sense that they are unable to pay their bills on time or to make ends meet due to insufficient financial resources. There are in total about 1.6 million households that receive debt advice. This means that over 90% of the over-indebted households or about 16 million households in the EU27 and UK currently do not receive debt advice, even though this might be helpful for them.

This is despite the fact that the benefits of debt advice are much larger than the costs. The benefits of debt advice, together with the basic help to overindebted households, include the ability of debtors to find a new or keep their job or the improvement of their psychological and physical health and wellbeing. According to a study by Europe Economics (2016), these benefits filter through from the individual to overall society through e.g. the mitigation of expenditures including those related to healthcare and increased credit repayment. It is estimated that the benefits of a universally available

[126] Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Poland, Portugal, Sweden, and United Kingdom.

[127] Bulgaria, Cyprus, Croatia, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Romania, Slovenia, Slovakia, and Spain.

[128] Eurofound (2020), Addressing household over-indebtedness, p.20 – compiled by Eurofound from the contributions of the Network of Eurofound Correspondents, Eurofound's own investigation and feedback by experts.

and freely accessible system of debt advice in every country would create between EUR 1.4 - 5.3 for every EUR spent.[129]

In an ideal scenario, it would require approximately an additional EUR 1 billion to provide standard professional debt advice to all over-indebted households in the EU27. However, in practice the situation may differ. While COVID-19 might increase the number of households that require debt advice, numerous other reasons suggest that the additional funds needed to trigger a better general delivery of debt-advice in Europe should be estimated based on a different and more complex perspective. First, not all over-indebted households are likely to make use of debt advice. Even among the most successful cases covered in this study, there were still about 20 to 30% of over-indebted households that did not make use of debt advice. Second, in most countries, debt advice is currently provided to households that face the biggest challenges with over-indebtedness and these require most resources. If debt advice were expanded to all over-indebted households, the costs per household would likely decrease. Although, logically, the total costs would increase as a result of the greater number of users. Third, costs could be better managed through the implementation of some of the recommended good practices identified in this report. Finally, should the system be successful, the share of new households experiencing over-indebtedness would likely be reduced over time, with long-term over-indebtedness decreasing as well.

Besides scaling up funding, it is essential to create the necessary infrastructure with debt advice organisations and debt advisors to deliver these services. Within the context of this project two important activities were conducted to contribute to this, including two seminars to exchange good practices and Train-the-Trainers seminars for debt advisors. The exchange of good practices contributed to mutual learning among debt advisors and policy makers on specific debt-advice knowledge and tools. The seminars gave participants the possibility to exchange ideas, proposals, and results of past, current and future initiatives of common interest for debt advisors. The Train-the-Trainers seminars contributed to capacity building in six countries (Greece, Hungary, Italy, Poland, Romania and Spain) where debt advice is currently less developed. Findings from the seminars and the training highlight a further need for training activities and initiatives to improve the quality and knowledge of the European debt advisors, including through a combination of online and in-person seminars and trainings.

9.2 Recommendations

The above conclusions lead to a series of recommendations to enable the development of a universal debt advice system across the EU27. The recommendations to the key stakeholders regarding the provision of debt advice in the EU can be found below.

Recommendations to the Member States

1. One option for gathering the required funds for the development of a universal debt advice system across the EU27could be contributions from public funds and/or the creditors themselves. A nation-wide budgetary support platforms could be established with an intent to prevent financial exclusion and provide support to vulnerable consumers in the budgetary and financial education fields. As a result, contributions from public funds and from creditors could be justified by the fact that these parties would be more likely to benefit from wider availability of debt advice (such as less pay-outs of social benefits, higher tax revenues, higher repayments of credit, etc.).

[129] Based on the calculations from this study and previous study from Eurofound (2020), Addressing household over-indebtedness. Available at: https://www.eurofound.europa.eu/publications/report/2020/addressing-household-over-indebtedness.

2. Improvement of financial literacy could be one of the main tools in preventing the consumers from making bad financial decisions. Therefore, it would be beneficial for the Member States' governments to be more active in implementing policies promoting the inclusion of financial education in the educational programmes, the provision of financial education training to adults, and more active collaboration with creditors, NGOs, consumer associations and other social actors.

3. Even in countries where independent debt advice is provided for free to the debtors, not all households manage to reach these services. Early detection of financially vulnerable households appears as an effective manner to reach those in need of debt advice early on. There are various models that national debt advice systems could use to detect early the financially vulnerable households, including early detection based on disconnection from utilities, missed payments to important creditors and identification by financial institutions.
4. As there is low awareness about the existence of debt advice services, it is not rare that highly indebted households lower their living standards but do not seek debt advice simply because they are not aware that such services exist. Even in countries where debt advice is free, some households do not seek debt advice because they are afraid of the costs that this would entail. Raising awareness about the existing services should, therefore, be part of the MSs' policy toolkits to strengthen the provision of debt advice. Awareness campaigns should be conducted using all mainstream communication channels, taking into account that vulnerable households do not have internet access in many areas of the EU. Similarly, such campaigns should adopt an inclusive communication to overcome as much as possible the feeling of shame and fear often associated with over-indebtedness.

Recommendation to European debt-advisors

1. To foster continuous learning, it would be advisable for the debt-advisors in the EU27 to cooperate on a higher level and establish a European network of debt-advice organisations and professionals. Such network could act as an umbrella organisation, represent the interests of debt advisors and debt advice organisations across Europe, and coordinate cross-country action, for instance to implement some of the recommendations of the present study. The network could also deliver training to its members, and, above all, it could serve as a forum for knowledge and experience exchange so that debt-advice professionals are able to learn from each other. The European authorities and already existing EU-level associations active in the area of debt-advice could provide support with establishing such a network.

Recommendations to the European Commission

1. It is advisable for the European Commission to continue working on the development of the necessary infrastructure with debt advice organisations and on the training of debt advisors. This project has delivered an important contribution with good practice and Train-the-Trainers seminars. Based on feedback from debt advisors, they would appreciate further such exchanges of experiences and practices across countries, as most challenges in delivering good debt advice are universal.

2. Online seminars appear a successful model to exchange good practices across countries. The online format led to high participation and retention rates, and they were appreciated by the participants. The European Commission could, in cooperation with the European network of debt advisors, establish regular series of online seminars to focus on certain aspects relevant to debt advisors and policy makers at national level. Participation could be further increased if the seminars were offered in the languages of the target countries. At the same

time, considering that there are only a limited number of good practices, and it is unclear how many new ones will occur in the future, it would be advisable for the European Commission to begin with organising 2-hour online seminars once every 6-months.

3. Considering the low level of development of debt advice and the positive feedback received from participants in the Train-the-Trainers seminars, there is a clear need for the European Commission to continue its efforts in facilitating further training activities for debt advisors. Training for debt advisors is especially important in those countries where debt advice does not cover all important aspects (finance, legal, social and psychological), where there are currently no trainings offered, and for new debt advice organisations. The trainings would ideally take place both online and in person, to enhance knowledge and experience exchange between participants. Even though online best-practice seminars and training events, together with supporting material (i.e. handbooks, videos, literature, etc.), proved to be successful in attracting a high number of participants and ensuring accessibility, in-person meetings would have allowed the participants to better expand their professional network and have more in-depth discussions. Therefore, health situation permitting, European Commission should strive to continue organising a combination of online and in person seminars and trainings for debt advisors in the future.

4. Based on the results of the knowledge questionnaire, it became evident that further efforts in improving the financial literacy of debt advisors would be beneficial. Therefore, having more contact hours facilitated to train debt advisors in the field of financial literacy and education would be certainly recommended. More emphasis should be put on studying the theory of financial literacy and education as well as providing practical examples of how this knowledge could be useful in daily debt-advice work. Trainings organised by the Commission could include presentations on financial literacy as well as online exercises based on online reading material.

Annex 1: Task 1: Report on Funding of Debt Advice

See separate document

Annex 2: Task 2: Good Practices in Debt Advice Meeting Report

See separate document

Annex 3: Task 2: Satisfaction survey

Online evaluation - Good practices in debt advice seminars

Fields marked with * are mandatory.

*In what kind of organisation do you work?

- Company/business organisation
- Industry association
- Consumer organisation
- Public authority
- NGO
- University/research institution
- Other

Specify if other

*What is your main area involvement with regards to credit, household debt and debt advice?

- Providing debt advice services to households and individuals
- Policy and regulatory framework development / public authority
- Research or personal professional focus/specialization on over-indebtedness and debt advice (experts and academics)
- Providing financial services to households/consumers

* Which of the online seminar(s) did you attend?

- First online seminar on Tuesday 19 January 2021 (from 10 to 12 CET)
- Second online seminar on Thursday 21 January 2021 (from 10 to
- 12 CET) Third online seminar on Tuesday 26 January 2021 (from

10 to 12 CET)

* Which part(s) of the online seminar(s) did you attend?

- Presentations on good practices
- Focus/breakout groups on good practices
- Both presentations and focus/breakout groups on good practices

Overall, how would you rate the seminar(s)?

	Excellent	Good	Fair	Poor	Very poor
Rate					

How organised was the seminar(s)?

	Extremely organized	Well organized	Meets standards	Poorly organized	Not at all organized
Rate					

How informative did you deem the seminar(s)?

	Extremely informative	Very informative	Moderately informative	Slightly informative	Not at all informative
Rate					

How likely it is that in the next two years you will be using the information of the seminar in your own practice?

	Extremely likely	Very likely	Likely	Slightly likely	Not at all likely
Rate					

How likely is it that you will be sharing the information of the seminar(s) with colleague(s)?

	Extremely likely	Very likely	Likely	Slightly likely	Not at all likely
Rate	○	○	○	○	○

What did you like most about the seminar?

Do you have any suggestions to improve the organisation of the seminar?

Is there anything else you would like to share (e.g. suggestions for good practices, actions you're going to take based on the good practices)?

Thank you for your feedback!

Annex 4: Task 3: Call for Expression of Interest

Objective for the call for expression of interest

The European Commission's Directorate-General for Justice and Consumers (DG JUST) invites potential debt advisors to send their applications to participate in a series of 'Train-the-trainer' sessions on how to improve the quality of debt-advice services for European households.

This call for expression of interest and the provision of trainings is part of a wider DG JUST project on Provision of actions to extend the availability and improve the quality of debt-advice services for European households.

The target audience of the trainings includes professional experts in subjects related to consumers' debt (e.g. experts in consumer credit or mortgage issues, legal experts in the area of insolvency or consumer debt, psychologists who deal with overindebted people, or experts having similar experiences in the a.m. areas) or qualified volunteers (covering the same areas and having similar experiences) who should become professional debt advisors (or the 'trainees') from countries where debt-advice is sporadically provided or completely lacking and have a reduced number of debt-advisors. The trainees should come from Greece, Hungary, Italy, Poland, Romania and Spain and will be trained by experienced debt-advisors (or the 'trainers') who will share their expertise and knowledge. The ultimate objective of these trainings is to enable new potential debt-advisors to instruct other experts and contribute to develop the provision of debt-advice across European countries.

The online trainings will take place in two sessions. The first session is expected to take place in April 2021 while the second session will take place in the summer of 2021 (dates to be confirmed). The first training fill focus on the actual training of the successful applicants, while the second training will also focus on the lessons learnt in the first session and will evaluate the effects of the information received by the trainees.

The trainings will be held in English and in the local language, whenever possible. In any case, online interpreters will be available to ensure that all the discussions are accessible by all participants. Considering the ongoing health crisis linked to COVID-19, the trainings will take place online.

The future debt-advisors selected for the trainings should come from the following categories of providers: non-governmental organisations (NGOs) (churches, humanitarian organisations etc.), including both NGOs operating at own account and funded by governments; consumer organisations; social partners; public authorities (local government, regional government, public authorities/bodies); publicly funded organisations but that are not part of the public administration; private professionals . More information about the application process can be found in Section 3.

All applications shall be submitted by 5 March 2021, 12h00 CET.

What is expected from successful applicants?

Successful applicants are expected to be available for both training sessions organised in 2021. The training sessions will be organised on-line.

By accepting to attend the online trainings, trainees commit to further disseminate the information provided during the two sessions. This entails that the trainees will become trainers themselves in their respective countries (at national and local level). The trainees who successfully complete the training will be provided with certificates attesting participation in the training (in English and in the national language of the country).

Who can apply?

The call is open for representatives of the aforementioned categories of potential debt-advice providers:

- Non-governmental organisations (NGOs) (churches, humanitarian organisations etc.), including both NGOs operating at own account and funded by governments
- Consumer organisations
- Social partners
- Public authorities (local government, regional government, public authorities/bodies)
- Publicly funded organisations but that are not part of the public administration
- Private professionals

Only applicants from the following countries will be taken into consideration: Greece, Hungary, Italy, Poland, Romania and Spain.

Deadline and application procedure

Interested candidates are invited to apply via the following webpage: https://survey.alchemer.eu/s3/90306289/Call-for-expression-of-interest-for-debt-advisors-to-participate-in-train-the-trainers-seminars before 5 March 2021 at 12h00 CET. Only applications submitted through the platform's website will be taken into consideration.

- The online application requires applicants to demonstrate relevant professional interest and preferably also experience in consumer or social affairs.
- The applicants should provide evidence that they are members/representatives of associations providing debt-advice or at least be indicated by these associations or by other bodies dealing with consumer or social affairs. As an alternative, the applicants could represent public or private organisations involved in social protection (such as public, national and local authorities, or charities operating in the area of social protection).

Shortlisted applicants might be asked to provide further information or clarification on their application, if need be, prior to selecting the successful applicants.

Selection criteria

The trainees will be selected based on the following criteria:

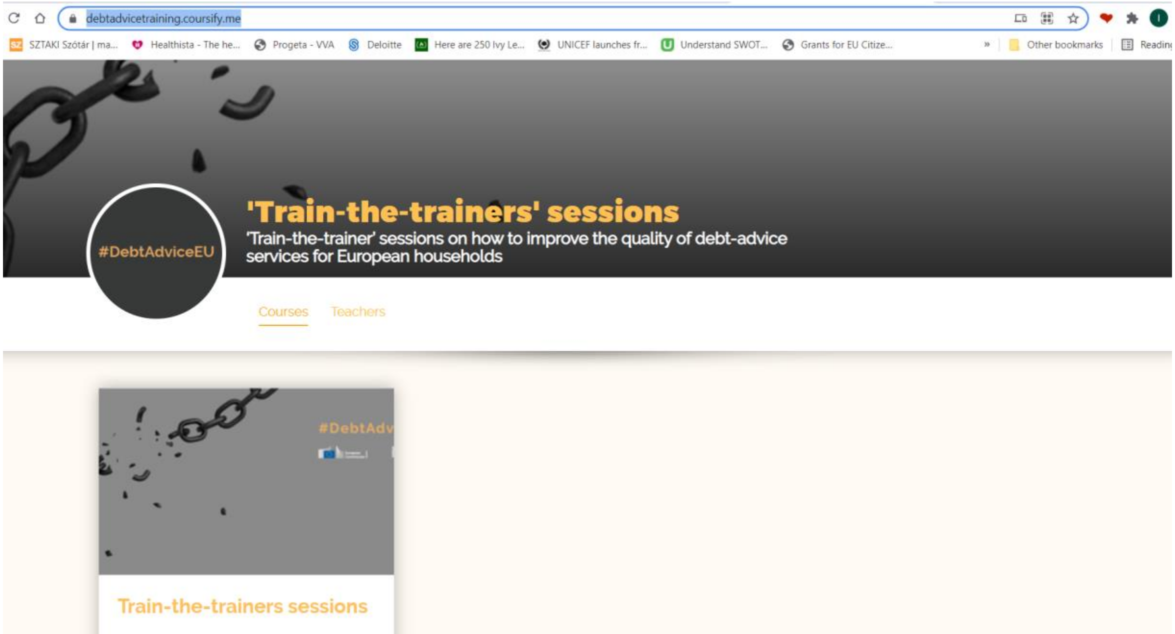
- Applicants must be from the categories mentioned in Section 3. Applicants must provide evidence that they are members/representatives of these associations (where applicable).
- Applicants must come from the following countries: Greece, Hungary, Italy, Poland, Romania and Spain.
- Applicants must demonstrate relevant professional interest (including when being qualified volunteers) and optionally experience in consumer or social affairs.
- Although not mandatory, applicants with experience in didactic activities will be positively evaluated.

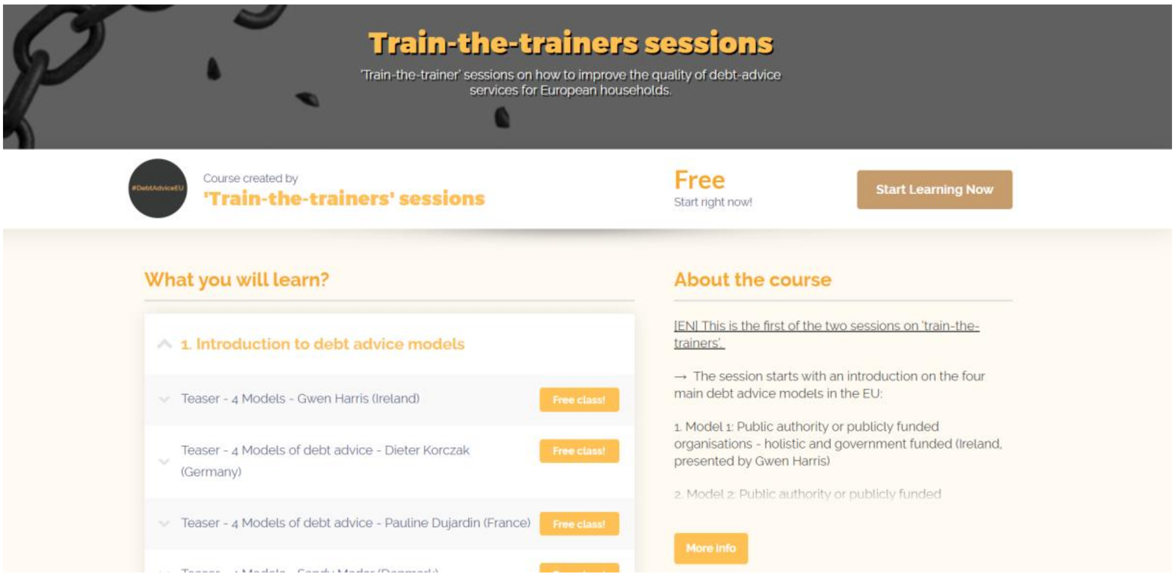
Processing of personal data

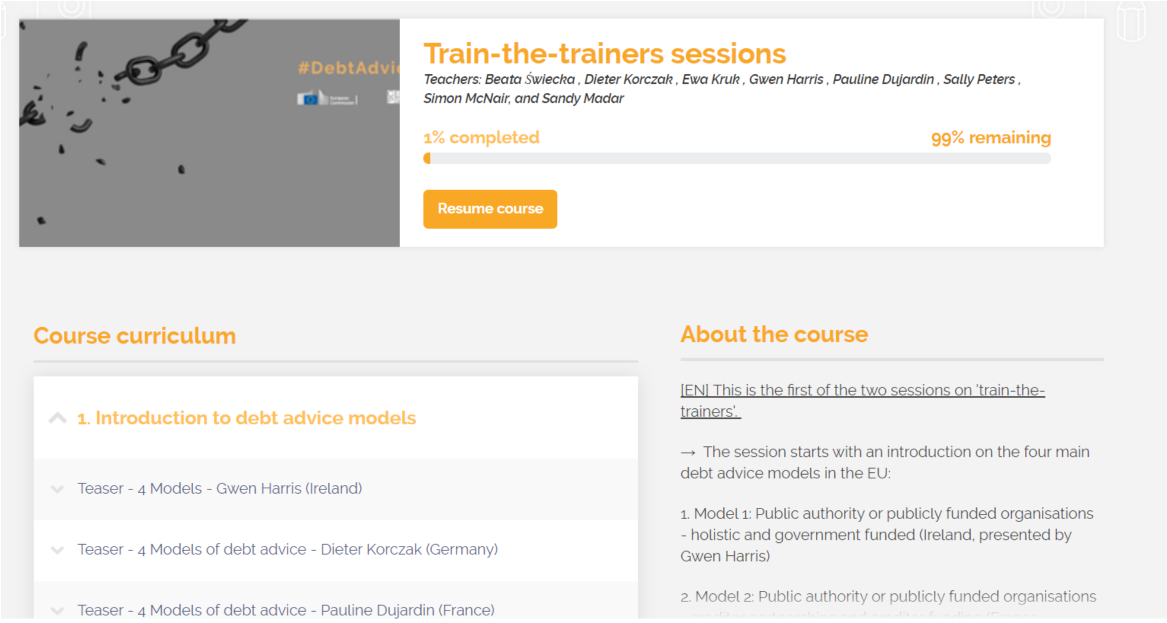
Data will be processed in compliance with the GDPR. More information about how we use your personal data is provided here.

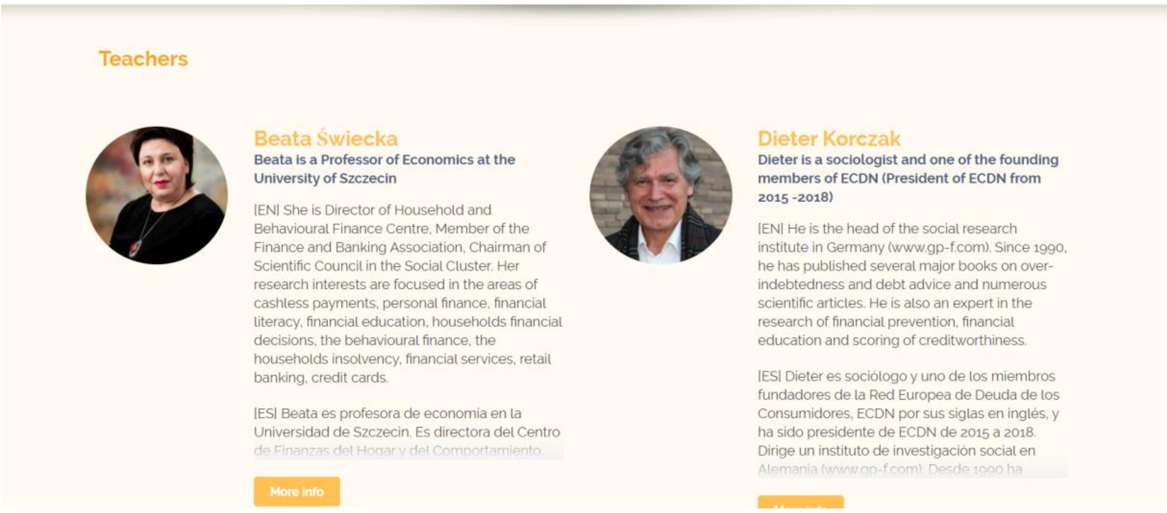
Annex 5: Task 3: Screenshots of Online Academy

The figures below showcase the screen shots taken from the Online Academy.

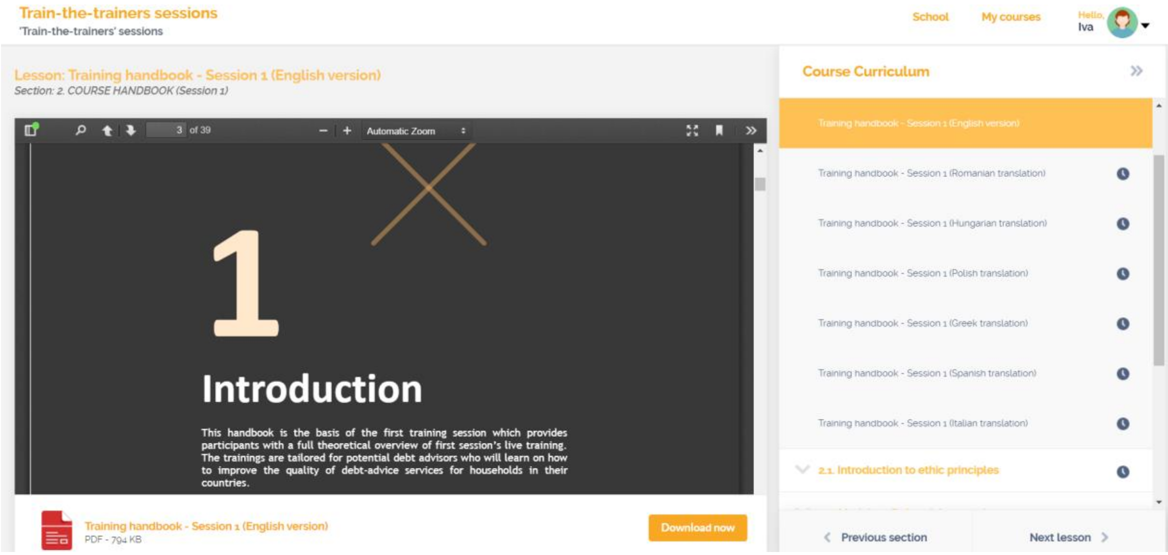





Train-the-trainers sessions
Teachers: Beata Świecka , Dieter Korczak , Ewa Kruk , Gwen Harris , Pauline Dujardin , Sally Peters , Simon McNair, and Sandy Madar
1% completed
99% remaining
Resume course
Course curriculum
1. Introduction to debt advice models
Teaser - 4 Models - Gwen Harris (Ireland)
Teaser - 4 Models of debt advice - Dieter Korczak (Germany)
Teaser - 4 Models of debt advice - Pauline Dujardin (France)
About the course
[EN] This is the first of the two sessions on 'train-the-trainers'.
→ The session starts with an introduction on the four main debt advice models in the EU:
1. Model 1: Public authority or publicly funded organisations - holistic and government funded (Ireland, presented by Gwen Harris)
2. Model 2: Public authority or publicly funded organisations


Teachers
Beata Świecka
Beata is a Professor of Economics at the University of Szczecin
[EN] She is Director of Household and Behavioural Finance Centre, Member of the Finance and Banking Association, Chairman of Scientific Council in the Social Cluster. Her research interests are focused in the areas of cashless payments, personal finance, financial literacy, financial education, households financial decisions, the behavioural finance, the households insolvency, financial services, retail banking, credit cards.
[ES] Beata es profesora de economía en la Universidad de Szczecin. Es directora del Centro de Finanzas del Hogar y del Comportamiento
More info
Dieter Korczak
Dieter is a sociologist and one of the founding members of ECDN (President of ECDN from 2015 -2018)
[EN] He is the head of the social research institute in Germany (www.gp-f.com). Since 1990, he has published several major books on over-indebtedness and debt advice and numerous scientific articles. He is also an expert in the research of financial prevention, financial education and scoring of creditworthiness.
[ES] Dieter es sociólogo y uno de los miembros fundadores de la Red Europea de Deuda de los Consumidores, ECDN por sus siglas en inglés, y ha sido presidente de ECDN de 2015 a 2018. Dirige un instituto de investigación social en Alemania (www.gp-f.com). Desde 1990 ha


'Train-the-trainers' sessions
School
My courses
Hello, Iva
Lesson: Train the trainer Session 1, Introduction (Part 1)
Section: 1. Introduction to debt advice models
Train the trainer Session 1, Introduction (Part 1)
Watch later
Share
Introduction
European Commission
Watch on YouTube
VVA
CEPS
Course Curriculum
Train the trainer Session 1, Introduction (Part 1)
Train the trainer Session 1, Introduction (Part 2)
2. COURSE HANDBOOK (Session 1)
2.1. Introduction to ethic principles
2.2. Module 1: Debt advisors and target groups
2.3. Module 2: Financial education for debt advisors
3. Emotional support for people experiencing financial difficulty
Annex 1: Additional sources
Conclusion and summary of the first set of training
Previous lesson
Next lesson
Train the trainer Session 1, Introduction (Part 1)
File



Source for all screenshots: Online Academy

Annex 6: Task 3: Training Handbook for Online Event ‘Provision of Actions to Extend the Availability and Improve the Quality of Debt-advice Services for European Households’

See a separate document

Annex 7: Task 3: Report About the Impact of the Trainings on the Participants

See a separate document

Annex 8: Task 3: Report with the Feedback of Participants Concerning the Quality and Usefulness of the Trainings Performed under Task 3

See a separate document

Annex 9: Task 3: Programme of the training events

First set of training:

TRAIN *the* TRAINERS
Programme

The live event forms part of the project on "Provision of actions to extend the availability and improve the quality of debt-advice services for European households" (Specific Contract No. 20198601). This project was commissioned by European Commission Consumers, Health, Agriculture and Food Executive Agency and carried out by VVA and CEPS.

Live Event

#DebtAdviceEU

April	Mon 19	Tue 20	Wed 21	Thu 22	Fri 23
Modules	INTRODUCTION 4.5 h	RO (am) & HU (pm)	RO (am) & HU (pm)	ES (am) & PL (pm)	ES (am) & PL (pm)
9.45 10.00	**PROJECT INTRO** European Commission; **HOUSEKEEPING RULES** Julia Rzepecka				
10.00 11.30	**BEST PRACTICES MODELS** Ireland by Gwen Harris France by Pauline Dujardin Denmark by Sandy Madar Germany by Dieter Korczak	**MODULE 1** Debt advisors and target groups RO By Sandy Madar	**MODULE 2** Financial education for debt advisors RO By Beata Świecka	**MODULE 1** Debt advisors and target groups ES By Sally Peters	**MODULE 2** Financial education for debt advisors ES By Dieter Korczak
11.30 12.30	RO Rodica Apan; HU Eszter Kantor (VVA); IT Michela De Marchi; ES Carlos Zarco; GR Apostolos Thomadakis; PL Piotr Tokarczyk	Breakout session Moderated in RO	Breakout session Moderated in RO	Breakout session Moderated in ES	Breakout session Moderated in ES
12.30 13.00	Feedback from the breakout and questions to experts Moderated by Julia Rzepecka	Discussion & feedback from the breakout RO	Discussion & feedback from the breakout RO	Discussion & feedback from the breakout ES	Discussion & feedback from the breakout ES
13.00 14.00	Lunch break				
14.00 15.00	**INTRODUCTION TO ETHIC PRINCIPLES** By Sandy Madar				
15.00 16.30	15 m **RECAP AND NEXT STEPS**	**MODULE 1** Debt advisors and target groups HU By Sally Peters	**MODULE 2** Financial education for debt advisors HU By Dieter Korczak	**MODULE 1** Debt advisors and target groups PL By Gwen Harris	**MODULE 2** Financial education for debt advisors PL By Ewa Kruk
16.30 17.30		Breakout session Moderated in HU	Breakout session Moderated in HU	Breakout session Moderated in PL	Breakout session Moderated in PL
17.30 18.00		Discussion & feedback from the breakout HU	Discussion & feedback from the breakout HU	Discussion & feedback from the breakout PL	Discussion & feedback from the breakout PL

April	Mon 26	Tue 27	Wed 28	Thu 29	Fri 30
Modules	IT (am)	IT (am) & GR (pm)	GR (am)	NO COURSE	PROGRAMME CONCLUSION & SUMMARY
9.45 10.00					15 m **WELCOME AND INTRODUCTION**
10.00 11.30	**MODULE 1** Debt advisors and target groups IT By Gwen Harris	**MODULE 2** Financial education for debt advisors IT By Beata Świecka	**MODULE 2** Financial education for debt advisors GR By Ewa Kruk		45 m **FINANCIAL LITERACY: HOW IT IS DONE IN OTHER COUNTRIES?** Dilemme Éducation by Simon Douboué (Cresus); Austrian Financial driver's licence (OÖ Finanzführerschein) by Thorsten Rathner; The Financial Literacy Museum in Vienna by Philip Hans
11.30 12.30	**Breakout session** Moderated in IT	**Breakout session** Moderated in IT	**Breakout session** Moderated in GR		1 h **EMOTIONAL SUPPORT FOR PEOPLE EXPERIENCING FINANCIAL DIFFICULTY** by Simon McNair 1 h **INFLUENCING CHANGE AS ONE VOICE #ALLINTHISTOGETHER** Moderated by Sandy Madar
12.30 13.00	**Discussion & feedback from the breakout** IT	**Discussion & feedback from the breakout** IT	**Discussion & feedback from the breakout** GR		15 m **PROGRAMME CLOSE** European Commission
13.00 15.00					
15.00 16.30		**MODULE 1** Debt advisors and target groups GR By Sandy Madar			
16.30 17.30		**Breakout session** Moderated in GR			
17.30 18.00		**Discussion & feedback from the breakout** GR			

LEGEND
- Introduction/closing VVA & CEPS (EN with interpretations)
- Training provided by the core experts -all countries will participate (EN with interpretations)
- Parallel sessions moderated in the national language by national experts

Second set of training:

TRAIN *the* TRAINERS Programme

The live event forms part of the project on "Provision of actions to extend the availability and improve the quality of debt-advice services for European households" (Specific Contract No. 20198601). This project was commissioned by European Commission European Innovation Council and SMEs Executive Agency and carried out by VVA and CEPS.

European Commission | CEPS | VVA Valdani Vicari & Associati

Live Event

#DebtAdviceEU

June Modules	Mon 14	Tue 15 ROMANIA		Wed 16 GREECE		Thu 17	Fri 18
10.00 10.05	NO COURSE	OPENING REMARKS		OPENING REMARKS		NO COURSE	NO COURSE
10.05 11.30		MODULE 1 Ethical Principles in Practice By Sandy Madar	Code of Ethics Questionnaire	MODULE 2 Financial Education in Practice By Dieter Korczak, Beata Swiecka, Ewa Kruk	Reference Budgets Coffee Break Financial Literacy Questionnaire		
11.30 11.45			Coffee Break				
11.45 13.15			Real-life Cases		Coffee Break Real-life Cases		
13.15 14.15		Lunch Break		Lunch Break			
14.15 15.45		MODULE 2 Financial Education in Practice By Dieter Korczak, Beata Swiecka, Ewa Kruk	Reference Budgets Coffee Break Financial Literacy Questionnaire	MODULE 1 Ethical Principles in Practice By Sandy Madar	Code of Ethics Questionnaire		
15.45 16.00					Coffee Break		
16.00 17.25			Coffee Break Real-life Cases		Real-life Cases		
17.25 17.30		CLOSING REMARKS		CLOSING REMARKS			

LEGEND

- Introduction/closing VVA & CEPS (EN with interpretations)
- Training provided by the core experts -all countries will participate (EN with interpretations)
- Break

Youtube

Linkedin

TRAIN *the* TRAINERS Programme

The live event forms part of the project on "Provision of actions to extend the availability and improve the quality of debt-advice services for European households" (Specific Contract No. 20198601). This project was commissioned by European Commission European Innovation Council and SMEs Executive Agency and carried out by VVA and CEPS.

European Commission

CEPS VVA Valdani Vicari & Associati

Live Event

#DebtAdviceEU

June / Modules	Mon 21	Tue 22 POLAND		Wed 23 HUNGARY		Thu 24	Fri 25
10.00 10.05	NO COURSE	OPENING REMARKS		OPENING REMARKS		NO COURSE	NO COURSE
10.05 11.30		**MODULE 1** Ethical Principles in Practice By Gwen Harris	Code of Ethics Questionnaire	**MODULE 2** Financial Education in Practice By Dieter Korczak, Beata Swiecka, Ewa Kruk	Reference Budgets Coffee Break		
11.30 11.45			Coffee Break		Financial Literacy Questionnaire		
11.45 13.15			Real-life Cases		Coffee Break Real-life Cases		
13.15 14.15		Lunch Break		Lunch Break			
14.15 15.45		**MODULE 2** Financial Education in Practice By Dieter Korczak, Beata Swiecka, Piotr Tokarczyk	Reference Budgets Coffee Break	**MODULE 1** Ethical Principles in Practice By Sally Peters	Code of Ethics Questionnaire		
15.45 16.00			Financial Literacy Questionnaire		Coffee Break		
16.00 17.25			Coffee Break Real-life Cases		Real-life Cases		
17.25 17.30		CLOSING REMARKS		CLOSING REMARKS			

LEGEND

- Introduction/closing VVA & CEPS (EN with interpretations)
- Training provided by the core experts -all countries will participate (EN with interpretations)
- Break

Youtube

Linkedin

TRAIN *the* TRAINERS Programme

The live event forms part of the project on "Provision of actions to extend the availability and improve the quality of debt-advice services for European households" (Specific Contract No. 20198601). This project was commissioned by European Commission European Innovation Council and SMEs Executive Agency and carried out by VVA and CEPS.

Live Event

#DebtAdviceEU

June	Mon 28		Tue 29		Wed 30
Modules	ITALY		SPAIN		PROGRAMME CONCLUSION & SUMMARY (ALL COUNTRIES)
10.00 10.05	OPENING REMARKS		OPENING REMARKS		WELCOME AND INTRODUCTION
10.05 11.30	**MODULE 2** Financial Education in Practice By Dieter Korczak, Beata Swiecka, Piotr Tokarczyk	Reference Budgets Coffee Break	**MODULE 1** Ethical Principles in Practice By Sally Peters	Code of Ethics Questionnaire	Emotional Support By Money Advice Trust
11.30 11.45		Financial Literacy Questionnaire [1h]		Coffee Break	Coffee Break
11.45 13.15		Coffee Break Real-life Cases		Real-life Cases	Mental Wellbeing By Money Advice Trust PROGRAMME CLOSE [15 min]
13.15 14.15	Lunch Break		Lunch Break		
14.15 15.45	**MODULE 1** Ethical Principles in Practice By Gwen Harris	Code of Ethics Questionnaire	**MODULE 2** Financial Education in Practice By Dieter Korczak, Beata Swiecka, Piotr Tokarczyk	Reference Budgets Coffee Break	
15.45 16.00		Coffee Break		Financial Literacy Questionnaire	
16.00 17.25		Real-life Cases		Coffee Break Real-life Cases	
17.25 17.30	CLOSING REMARKS		CLOSING REMARKS		

LEGEND
- Introduction/closing VVA & CEPS (EN with interpretations)
- Training provided by the core experts -all countries will participate (EN with interpretations)
- Break

Youtube Linkedin

Annex 10: List of files submitted on a USB key

The following will be submitted to EISMEA and the European Commission in two copies on USB keys:

1. Task 0: Inception report
2. Task 1: First interim report
3. Task 1: Country reports Eurofound
4. Task 2: Good Practices in Debt Advice Meeting Report
5. Task 2: List of participants to the Best Practice Seminars
6. Task 2: Satisfaction survey
7. Task 3: Call for Expression of Interest
8. Task 3: List of participants to the training sessions
9. Task 3: Screenshots of Online Academy
10. Task 3: List of teaser videos for the participants and the recordings of the training sessions available on YouTube
11. Task 3: Training Handbook for Online Event 'Provision of Actions to Extend the Availability and Improve the Quality of Debt-advice Services for European Households' (first set of the training)
12. Task 3: Training handbook for Emotional Support for People Experiencing Financial Difficulty (second set of the training)
13. Task 3: Case studies used for the second set of training
14. Task 3: Ethics Code Questionnaire
15. Task 3: Report About the Impact of the Trainings on the Participants
16. Task 3: Knowledge questionnaire
17. Task 3: Report with the Feedback of Participants Concerning the Quality and Usefulness of the Trainings Performed under Task 3
18. Task 3: Satisfaction survey
19. Task 3: Programme of the training events
20. Task 3: Presentations presented during the training sessions
21. Task 3: Notes from the chats, discussions, and quizzes conducted during the training sessions (names will be removed to comply with GDPR)

Publications Office