

The process of becoming a European Consumer Debt Network

Evaluation report
by
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Munich, March 2008

Background History

There was already in the nineties of the late century the idea to develop a network of debt advisors and researchers to fight the increasing amount of debts in Europe. It was called 'Consumer Debt Net', organized some very effective conferences in Scotland, Finland and Ireland, published the newsletter 'Money Matters', edited a website and was financially supported by the European Commission, the Nordic Council of Ministers and the Swedish Consumer Agency. At the moment when the European Commission stopped the funding the network became a sleeping beauty.

The main objective of that network was to encourage member organizations to provide practical action to prevent consumer over-indebtedness and to facilitate consumer assistance by the provision of budget and debt advice. The network also strived to achieve exchanges of information and research results which may provide more general knowledge of such practices and the way in which they are handled in various countries.

A chance opened for the loose network to become revitalized in 2005 when the European Commission made a call for tender concerning a project on financial access and financial education. Some of the former CDN-members joint together with a new partner from Poland and developed a project design. The proposal "**F**inancial **E**ducation and Better Access to Adequate Financial **S**ervices" was accepted by the European Commission and the so-called FES-project started in September 2005.

The data collection activities all over Europe which had been necessary for the conduction of the FES-project built up new relations. These contacts could be intensified by three conferences in Warsaw (2006), Charleroi (2006) and Vienna (2007). 25 European countries participated at these conferences or were involved in the data collection.¹

The process was funded by the European Commission under the Community Action Programme to Combat Social Exclusion 2002 – 2006.
The views expressed here are solely those of the author and the Commission is not liable for any use that may be made of the information contained therein.

¹ For more information see Dieter Korczak „The key results of two FES-surveys conducted in 25 European countries”, p.12-18, In: EU-Project FES: International Conference: Financial education & better access to adequate financial services. Report. Vienna 2007

Preparation of the ECDN

During these activities and the conduction of the FES-project grew a strong feeling that a continuous exchange of information and a kind of permanent cooperation would be needed to fight effectively over-indebtedness. It was a lucky coincidence that the EU Commission made a further call for proposals for the support to European networks involved in the fight against poverty and social exclusion. By the mutual exchange of ideas the FES-project partners ASB Schuldnerberatungen/Austria, GP Forschungsgruppe/Germany, Observatoire du Cr dit et de l' Endettement/Belgium and SKEF/Poland decided to look for additional partners and to establish an European organization (under Belgium law). The new partners were SOS Consumer Defence Association (Czech Republic), NIBUD (Netherlands), Takuu S atti -Guarantee Foundation (Finland) and Schuldnerfachberatungszentrum Mainz (Germany).

The group decided to choose the name "**E**uropean **C**onsumer **D**ebt **N**etwork (ECDN)". According to the programme description the group anticipated the following activities for the 2007 period:

- A kick-off meeting to organize the detailed work and to establish a management committee
- To establish statutes and a legal structure
- To establish communication structures and tools (newsletter/ website)
- To identify and acquire additional members
- To develop a strategy to raise funds for the period of 2008 and beyond
- To develop thematic working groups
- To conduct several seminars on social and financial exclusion
- To organize the first ECDN conference and general assembly
- To raise awareness about the network and its activities and objectives
- To meet various relevant actors on national and international level

Kick-off Meeting

After approval of the proposal by the EU Commission, DG Employment, a group of 31 institutions and associations from 14 EU countries met in February 2007 in Vienna for the kick-off meeting.

At the kick-off meeting the participants expressed their expectation that ECDN becomes a network

- to share best practice
- to exchange information
- to be a research as well as a lobbying organization.

It was felt that the network should bring together participants with a broad range of disciplines: economists, lawyers, social scientists and

practitioners. The network should aim to be a high quality source of research, information and knowledge on the consumer debt situation in each member state. Furthermore, lobbying should be a key objective of the network to represent indebted consumers across the EU.

The participants were willing to support ECDN by membership fees. One euro per day, 365 Euro as an annual membership fee would be an accepted amount of money to provide ECDN with financial resources.

The above explicitly named eight organizations took over the responsibility as management team to promote the whole networking process.

Evaluation of the seminar participation

In April and June 2007, five seminars took place in different countries with different topics.

Tabelle 1

Date	Location	Topic	Countries	Participants
April	Helsinki (Finland)	Debt Counselling as a way to increase social inclusion	7	18
June	Mainz (Germany)	Access to a bank account	8	32
June	Utrecht (Netherlands)	Budget Information/Prevention	8	15
June	Prague (Czech Republic)	Credit market investigation	6	13
June	Gdansk (Poland)	Debt settlement legal act	10	14

The evaluation of each seminar was provided by a questionnaire which was distributed to the participants at the end of the seminar.

The results showed that in each seminar the aim of sharing best practice and of exchanging information was fulfilled in a best way. It was mentioned as **special interest** to participate at one of the seminars

- to get an overview of different approaches and problem solutions
- to exchange information, experiences and good practice models
- to compare the possibilities for improvement

Everybody of the participants felt that by discussing the topics of the seminars he/she was moved forward to new perspectives and received a **new impact** like

- new ideas, new approaches, new models
- new ways of thinking
- new information on specific websites and legislation

The seminars could deliver the participants not only with highly appreciated networking but as well with a lot of **benefits** such as

- exchange of knowledge and good practice models
- know-how transfer from one country to others
- identification of the major issues in the field of financial education, access to bank accounts and debt counseling
- proposals for working groups to be established in the future

By the seminars new ideas concerning **transferability** of good practice models were created for the participants. In some countries the results of the seminars were regarded as very useful to inform and to influence the national policy and even the governments. The seminars served additionally as starting points for national networking building process. Questioned whether they would be able to use the information and/or result of the seminar to influence the networking and/or policy in their country the participants mentioned that they

- will contact politicians, decision makers, parliament, unions, municipalities etc.
- start networks to disseminate the information
- publish papers
- influence the NAP incl.

Concerning the **future development** of the ECDN their intentions were

- to rise awareness of the existence of ECDN
- to transmit the seminar papers and other materials
- to invite associations and organizations they know
- to promote the benefit of ECDN

To improve the success of these activities it became quite clear that a 'blueprint' and a 'story' would be very helpful to convince national organizations to become part of the ECDN.

Establishment of the statutes and the legal structure

The development of the statutes proved to be a rather easy process because strong convictions of the whole management team stand behind the common idea of the statutes.

In February when the management committee met for the first time, the development of statutes was already put on the agenda. As a result of the discussion it was recommended that only organizations will be voting members and that individuals will be invited to become active non-voting members. Each organization should have one vote. Members of one country should identify one person as a national 'contact' person. The contact persons from each country should form a steering group which is intended to play a relevant role with regards to distributing information and planning/implementing lobbying activities. It was regarded as necessary to enable the network on a long-run to finance itself by membership fees.

One month later a first elaborated draft of the statutes and Internal Rules was spread around the management team. The draft was discussed and in April a second revised version was distributed amongst the management team. The very effective preparation of the statutes and the common effort and cooperation of the management team led to a smooth acceptance without any changes of the second revised version of the statutes at the General Assembly.

Because of the tough time constraints and the different legal systems in the membership countries the establishment of the legal structure as association under Belgian law turned out to be much more difficult. For example, it was necessary to inform the Belgian Ministry of Justice about the identity of the members of the Management Committee to obtain its authorisation. Each member had to deliver a national procuration to be given to the Belgian notary to whom he gives power to represent him at the signature of the instrument of incorporation of the international non-profit association to be incorporated consistent with the Belgian law of 27 June 1921 on Non-Profit Associations, International Non-Profit Associations and Foundations.

What sounded simple was not simple at all in reality. Besides the proxy which needed to be authenticated by the local authorities, other documents had to be provided in a very short time

- a warranty of good standing, completed and signed by a notary and authenticated by the local authority,
- a certified copy of the identity card of the person which has signed the proxy, authenticated by the local authority,
- and an extract of the register where an organisation was registered including the statutes or an extract of them (representation rules vis-à-vis third parties)
- and finally national apostilles for all these documents to be accepted by Belgium law.

Especially the different legal entities caused some confusion because there is no common legal European terminology. As it was necessary that all ECDN founding members were named with their appropriate legal entity in the proxies these had to be reformulated several times and each time to be again confirmed by a national notary.

Setting the legal ground for becoming a European association became thus a real challenge but finally the ECDN was officially founded in July 2007.

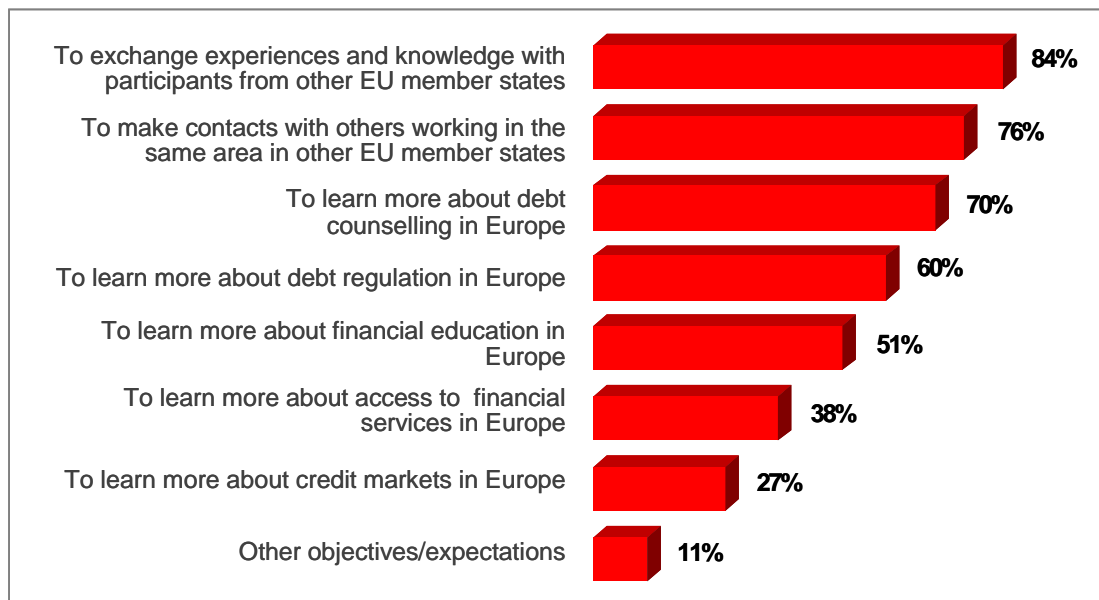
Final evaluation of the networking process

The first ECDN Conference and the General Assembly of the ECDN took place in December 2007 in Brussels. 52 participants from 17 European countries were attending.

After the conference all ECDN members and attendees at the seminars and conferences received a final evaluation form. Until the end of February 2008 37 persons from 17 countries answered the questionnaire.

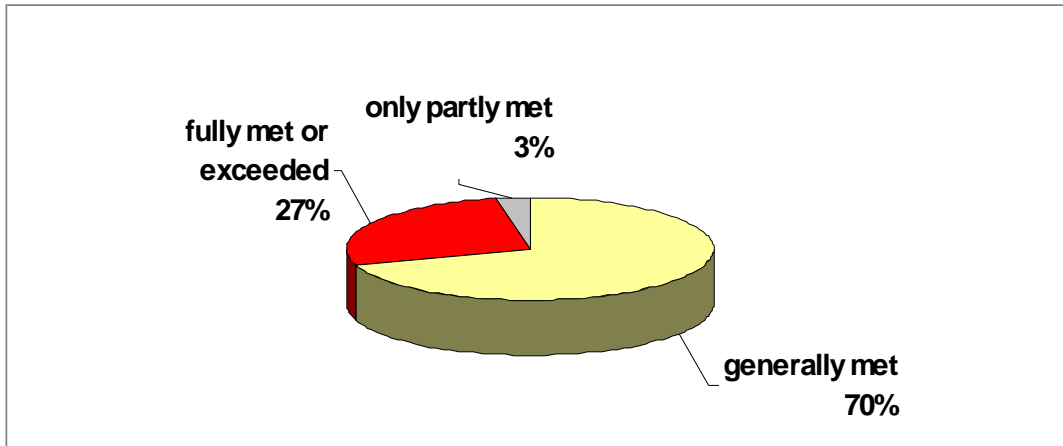
The main objectives and expectations in participating in the ECDN networking building process were to exchange experiences and knowledge, to make contacts with other fieldworkers and to learn more about debt counselling. Every other respondent was especially interested in debt regulation and financial education. One third wanted to learn more about access to financial services.

These results show that the purpose of the ECDN as formulated in the statutes was fully reached: *to bring together a broad range of actors in the fight against over-indebtedness and financial exclusion and to facilitate the exchange of information...*(Art.2.1)



Graph 1: Objectives/expectations in participating in the ECDN Networking Building process (multiple answers)

These expectations were overwhelmingly met and partly even exceeded by the different ECDN meetings and seminars.



Graph 2: Objectives/ expectations met

Most of the various elements of the ECDN networking process received a convincing acceptance. The benefit of the informal discussions during the seminars and conferences and within the management team was regarded as extremely high. 40% rated the conference papers as *very* useful which is an unusual high score rating for conference papers.

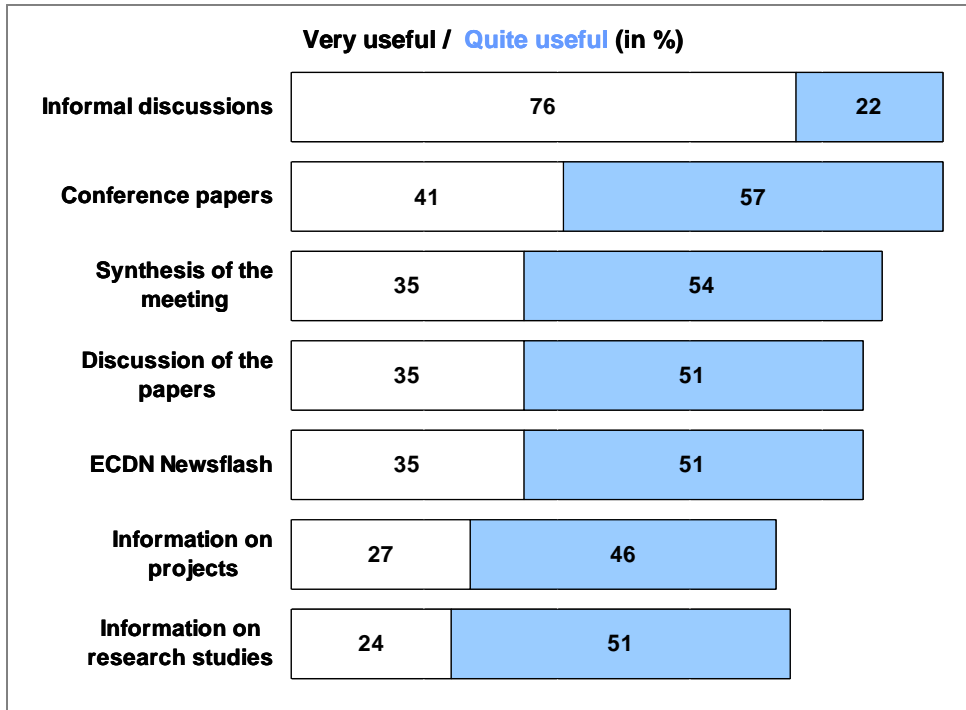
The discussion of the papers and the outcome of the meetings, formulated in a synthesis, were regarded as very useful by one third of the respondents. Including the characterization as quite useful the benefit of these two subjects reached more than 85% of the respondents.

The same appreciation was given to the ECDN Newsflash, an electronic newsletter which was ten times edited and distributed in 2007.

Still more than 75% benefited from information on research studies.

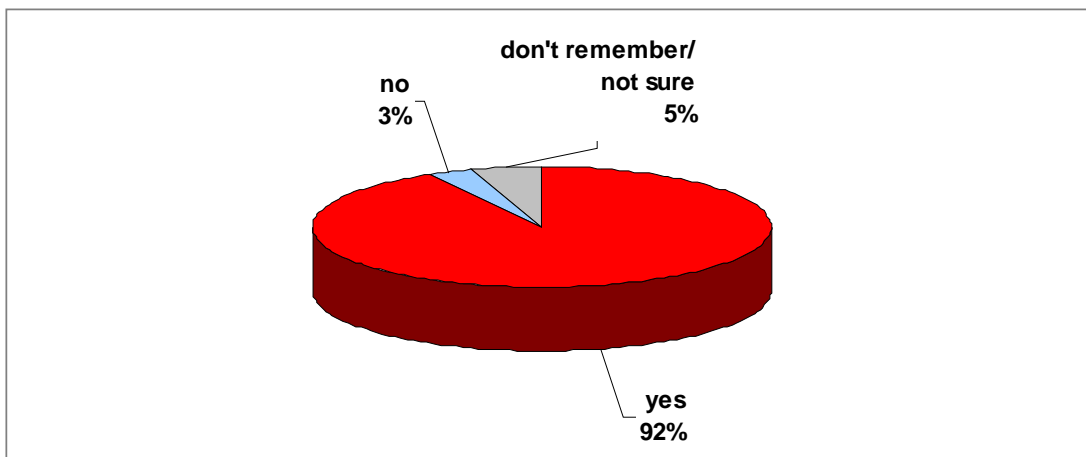
Two third of the respondents got some value out of the information on projects. This lower score than for the other elements reflects the lesser importance which was given to the presentation of projects during the network building process.

All in all the evaluation of the single elements of the ECDN network building process demonstrated too that the intended purpose of the ECDN was fully set in place.



Graph 3: Usefulness of various elements of the ECDN networking process

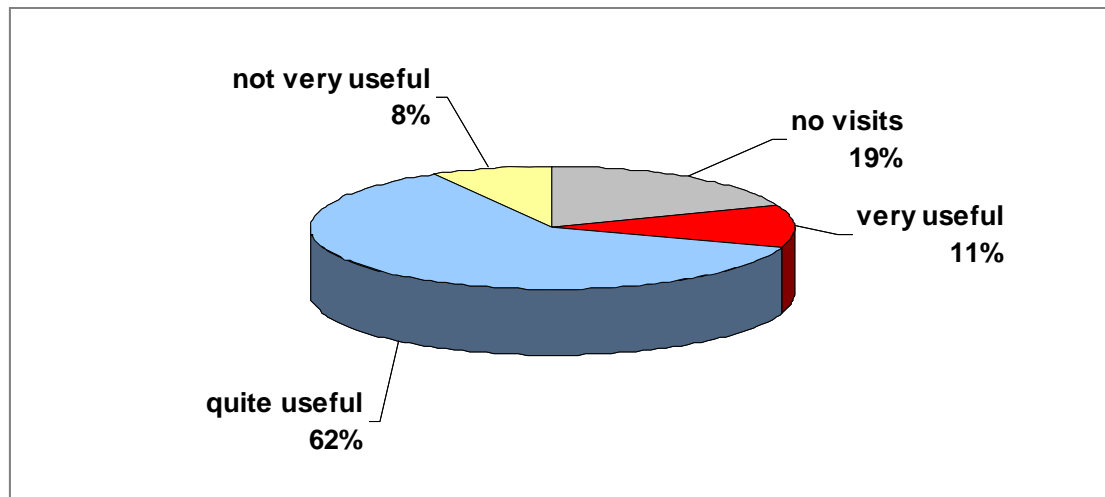
Nearly unanimously it is accepted by the respondents that the information gained from the ECDN process could be useful in policy development, especially because it provided examples for transferability to their own country and/or to other countries.



Graph 4: Usefulness of gained information in policy development within own/other countries

One of the objectives at the beginning of the ECDN process was to establish an own website as communication platform and tool. In June 2007, an unique logo was designed for the newsflash editions. This logo was used as well for the homepage of the website www.ecdn.eu which went online in October 2007. Since then, the website creates on average around 30.00 hits per month.

Due to this short notice not all but 81% of the respondents had already visited the ECDN website. The majority of the visitors found the information on the website quite useful. It seems that there is still room for improvement and better usability.



Graph 5: Usefulness of website

From the beginning, another goal of the ECDN was to raise awareness and to lobby. 70% of the respondents have been successful in this respect and disseminated information about ECDN to people in other organisations or to politicians. It is a wide audience which has already received information about ECDN, e.g.

- *Austria*: Ministry for Justice, Ministry for Social Affairs and Consumer Protection, Austrian Debt Advice Services, National Bank of Austria, Erste Bank of the Austrian Saving Banks, Public Employment Service Austria, Caritas Vienna, College of Higher Education Linz, University of Vienna
- *Belgium*: WALLOON Ministry Of Health, Social Affairs and Equal Opportunities, Fondation Roi Baudouin, Banking, Finance and Insurance Commission (CBFA), Socialist Party Research Centre
- *Bulgaria*: Commission for Consumer protection, University of Economics Varna
- *Cyprus*: Cyprus Consumer Association
- *Czech Republic*: Ministry of Finance, Ministry of Industry, Banking Association, Czech National Bank, Erste Bank Group, KBC Group (Post Bank)
- *Denmark*: Ministry of Social Affairs
- *Estonia*: Consumer Protection Board, Estonian Business School
- *Finland*: Ministry of Justice, National Research Institute of Legal Policy
- *Germany*: Federal Ministry of Food, Agriculture and Consumer Protection, Ministry of Family Affairs Rhine-Palantine, Ministry of Consumer Protection North Rhine-Westphalia, Money and Household (Advice Service of the German Saving Banks), Arbitration Board of the Saving Banks Rhineland-Palatinate, German Committee of Debt Counselling Associations (AG-SBV), German Debt Advice Services, University of Mainz, Diakonisches Werk in Hessen und Nassau, Arbeiterwohlfahrt Bundesverband

- *Greece*: National media
- *Hungary*: National Association for Consumer Protection in Hungary
- *Ireland*: Money and Budgeting Advice Services (MABS)
- *Italy*: Adiconsum - National Consumer Protection Association, Latvian Association of Local and regional Governments
- *Latvia*: Consumer Rights Protection Centre
- *Lithuania*: SEB Vilniaus Bankas
- *Malta*: Malta Consumer Society
- *Netherlands*: Ministry of Justice, Ministry of Social Affairs, Dutch National Committee of Social Banks (NVVK), Legal Aid Board's, Consumentenbond, EAPN NL
- *Norway*: Ministry of Children and Family Affairs
- *Poland*: Warsaw School of Economics, Polish Banks Association, Polish Sociological Association, Members of Polish Parliament, Microfinance Centre for CEE and the NIS
- *Portugal*: SEFIN - Portuguese Association for Consumers and Users of Financial Products, University of Coimbra
- *Slovakia*: University of Mateja Bella
- *Spain*: University of Valencia
- *Sweden*: Swedish Consumer Agency, Swedish Institute for Public Health, Swedish Enforcement Authority
- *United Kingdom*: Citizens Advice, Debt on our Doorstep, Personal Finance Education Group, KUC, Fair Finance, Heriot-Watt University

Outlook

After the network building process ECDN presents itself as a strong, dynamic and self-confident network. All the goals which have been put as targets at the beginning of 2007 have been reached or even exceeded. The membership quintupled during 2007 to 33 members (including 3 individual members) from 18 countries. Through the financing by membership fees the annual budget is around 18.000 Euro for 2008. The transnational project on 'Standard Budgets' which is conducted by several ECDN member organizations and funded by the EU can serve as a new flagship within the ECDN network. Due to the series of seminars which will be organized within the context of this project possibilities for mutual information exchange between are given. The project opens additionally chances for gaining new members to the ECDN network.

The set up of various working groups concerning a) financial education, b) access to financial services, c) debt advice and debt settlement and d) research on prevention, debt and over-indebtedness enables the network to increase its visibility across Europe.

But there are some challenges as well which have been mentioned by the respondents:

- *The translation in different languages is an impediment to the dissemination of information*
- *Make a useful, useable and used website*
- *ECDN has to generate and communicate its own position regarding Commission activities*

Goals	Achievement
To exchange information	√
To share best practice	√
To establish statutes and a legal structure	√
To establish a newsletter and a website	10 ed.; ~30.000 hits/m.
To identify and acquire additional members	Increase from 8 to 33
To save a budget	~18.000 € for 2008
To develop thematic working groups	4 groups
To conduct several seminars	5 seminars
To organize the first ECDN conference	√
To raise awareness about the network	√
To lobby on national and international level	√

A final citation from the answers of the respondents expresses best the feeling that nearly everybody has concerning ECDN:

I hope that the ECDN networking process continues as started with the same commitment and energy and takes care for a sample of good developments in the debt counseling services.

Sample: Participating Institutions at Final Evaluation

- ASB Schuldnerberatungen (Austria)
- Schuldnerberatung Oberösterreich (Austria)
- Schuldnerberatung Tirol (Austria)
- Observatoire du Crédit et de l'Endettement (Belgium)
- Verbraucherschutzzentrale Ost-Belgien (Belgium)
- University of Economics (Bulgaria)
- SOS Consumer Defence Association (Czech Republic)
- Takuu-Säätiö/Guarantee Foundation (Finland)
- National Research Institute of Legal Policy (Finland)
- Attorneys-at-Law Pohjakallo Ltd. (Finland)
- Institut National de la Consommation (France)
- GP Forschungsgruppe (Germany)
- BAG Schuldnerberatung (Germany)
- Arbeiterwohlfahrt Bundesverband (Germany)
- Diakonisches Werk in Hessen und Nassau (Germany)
- E.K.P.I.Z.O. (Greece)
- The Money Advice and Budgeting Service (Ireland)
- Università di Urbino, Facoltà di Economia (Italy)
- Schuldnerberatung Caritas Bozen-Brixen (Italy)
- Ligue de Prévention et d'Action médico-sociales (Luxembourg)
- Ministry of Justice, Access to Justice Department (Netherlands)
- NIBUD (Netherlands)
- Legal Aid Board's Hertogenbosch (Netherlands)
- Volkskredietbank voor Noord-Ost Groningen (Netherlands)
- Ministry of Children and Family Affairs (Norway)
- SKEF-Society for Promotion of Financial Education (Poland)
- University of Warsaw (Poland)
- Association of Slovak Consumers (Slovakia)
- Mid Sweden University (Sweden)
- Swedish Consumer Agency (Sweden)
- Citizens Advice (United Kingdom)
- Fair Finance (United Kingdom)
- Personal Finance Education Group (United Kingdom)