



# PEPPI Webinar 4

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# Financial and Debt Counselling in Finland

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# History of financial and debt counselling – 1990s

- The Debt Adjustment Act came into force in Finland on the 8th February 1993.
- At the same time there was an initiative for a Debt Counselling Act, that did not materialise.
  - The municipalities did not want to have more tasks and costs.
  - The Debt Adjustment Act, on the other hand, places an obligation on provincial state offices to ensure that counselling and guidance.
- A survey in late 1994 showed that advice and assistance was available in more than 400 advisory units nation-wide.
- At that time the Ministry of Justice was empowered to decide upon the provision of state aid for legal and other counselling work. The Ministry of Justice paid a commission to the counsellor for each Debt Adjustment Application to the court. The Guarantee Foundation received funding for the training of counsellors.

# History of financial and debt counselling – 2000s

- The Financial and Debt Counselling Act came into force on the 2000.
- The Consumer Agency (now Finnish Competition and Consumer Authority) was responsible for the general supervision, direction and to organize the state financial compensation of financial and debt counselling.
- The provincial state offices were responsible in their areas for ensuring adequate availability of counselling services.
- Financial and debt counselling was arranged primarily so that the municipality makes an arrangement with the provincial state office.
- Usually counsellors were officials of municipals and sometimes experts of mental care association, law and bookkeeping firm etc.
- At that time we had about 52 counselling units and made 165 person year.
- The Parliament decided every year the state financial compensation. At its tightest it covered under 50% of the total costs.
- Municipalities paid the rest – funding was voluntary for them.
- The total costs were about 8 millions. The personal costs (wages etc) were about 80% of the total costs.

# History of financial and debt counselling - starting with 2019

- In 2019, a new Act on Financial and Debt Counselling entered into force, in which financial and debt counselling was transferred to the one of services of Legal Aid Offices.
- Counselling under the umbrella of one administrative branch (The Ministry of Justice) enables, among other things, a more integrated service for the whole country, common electronic systems and the use of several channels of communication – e-service, common phone line
- There is 23 Legal Aid Offices, which have about 160 branch offices in Finland
- In 2022 we were doing 193 person years, counsellors were 152 and secretaries 41
- In 2022 all operating expenses were about 10,5 million euros
- All costs are covered from the State budget

# The Tasks of Financial and Debt Counselling

## The Financial and Debt Counselling Act

(number 813/2017 (713/2000, HE 37/2000))

- Provide information and counselling on the management of finances and debts.
- Assists in the planning of financial management.
- Explore the possibilities for solving economic problems and assist in reconciliation with their creditors.
- Assist in the handling of a debt settlement matter, in particular in the preparation of The Debt Adjustment application and other reports and documents required by the Act on the Debt Settlement of Private Persons (57/1997).
- Guide you to seek legal assistance if necessary.
- The tasks has been the same since 2000.

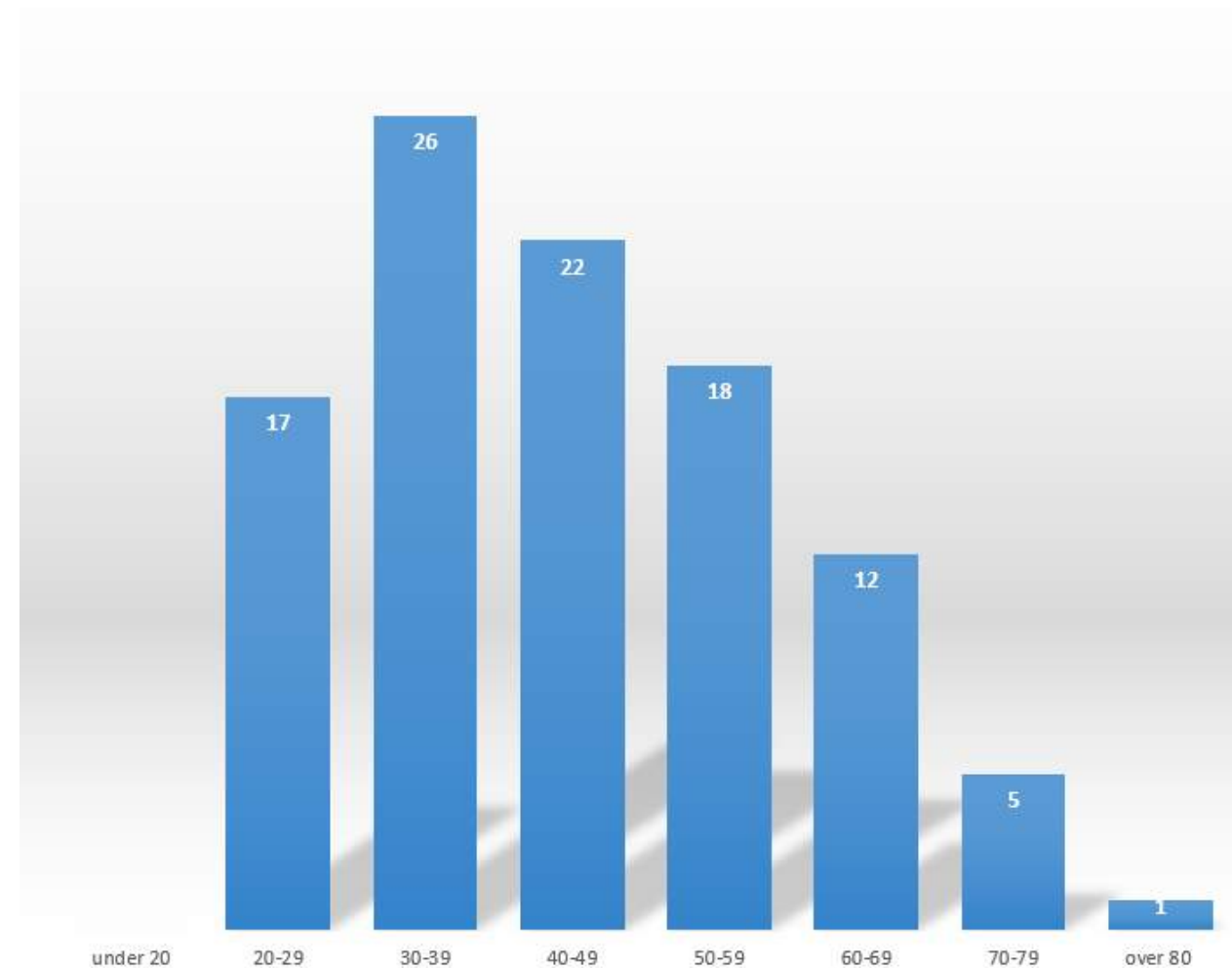
# Some figures

- Number of new customers has stabilised annually about 15 000 person (first time registered).

In 2022

- There were 30 000 cases.
- Financial counselling was given 30 000 times.

percentage



# A few new way of doing financial and debt counselling in the public sector

- Preventive Financial Counselling
  - financial and debt counselling together with enforcement
  - strengthen the financial competence of their own organisations
  - training of stakeholders' experts in particular, so that they can continue to counselling their clients
  - correcting myths and false information
- Financial Advice Clinic
  - Financial advice clinics are a low-threshold service providing a possibility to discuss everyday financial questions without booking an appointment.
  - At a Financial advice clinic, you can talk to various professionals; financial and debt counsellor, an enforcement officer, social worker, housing counsellor, an expert of Garantie Foundation and Kela (Social Security)
- Social Lending
  - New Act
  - In August 2023, social lending will become a statutory service operated by all wellbeing services counties (24 cases)
  - well-being service counties can themselves decide on their award criteria according to the needs of the region
- Housing advice
  - housing advice activities: for example, the prevention of rental debts and evictions and to combat long-term homelessness

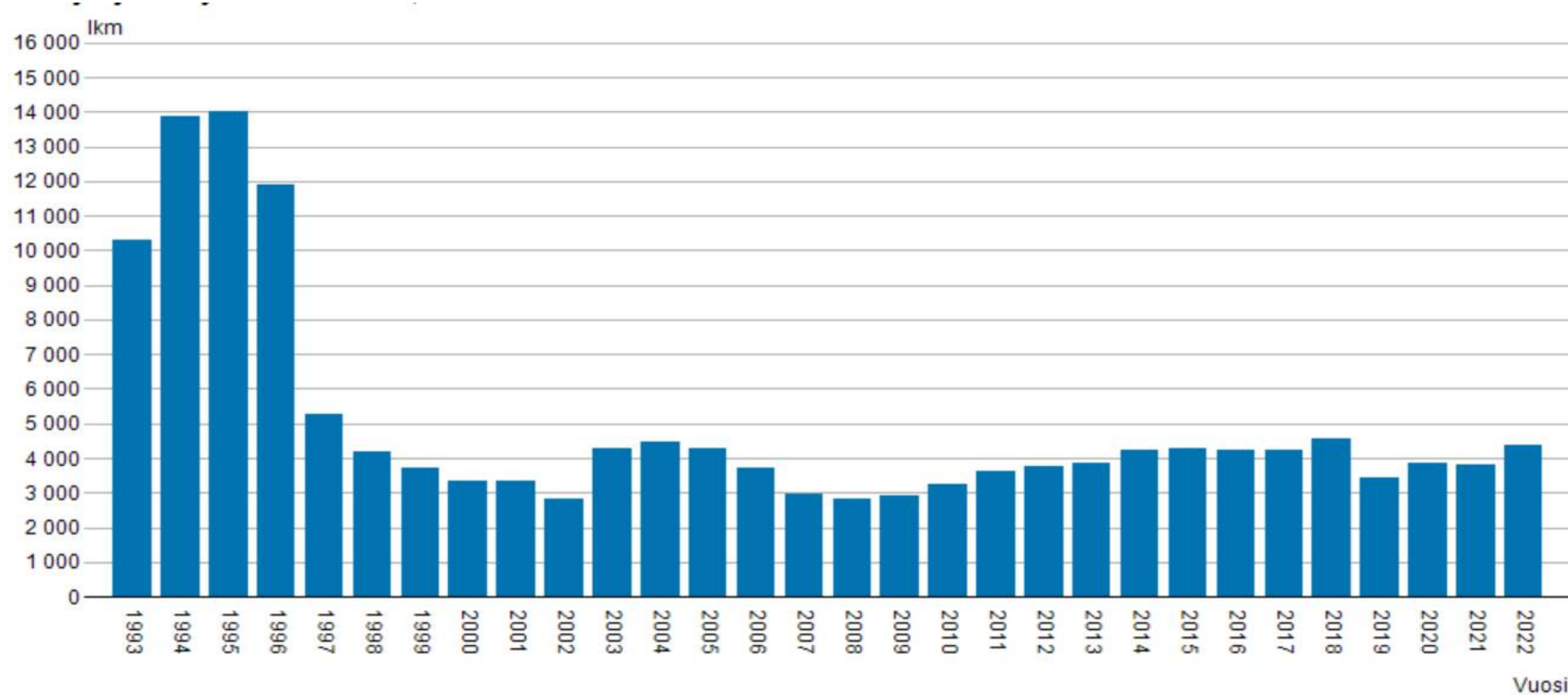


# The First National Strategy of Financial Education in Finland

- The proposal was prepared in the Bank of Finland's Financial literacy project in 2020.
- The Bank of Finland submitted the draft strategy to the Minister of Justice in January 2021.
- In 2022, the Finnish Government will establish a financial education function in Ministry of Justice in connection with financial and debt counselling.
- Since 2022, an appropriation of EUR 1 million has been earmarked for the implementation of economic expertise in the central government budget.
  - Most of it is granted in the form of government grants to promote literacy competence
  - Implementing strategy

Text

# Private Individuals' Debt Adjustment applications 1993 - 2022



# Some links

Financial and Debt Counselling

<https://oikeus.fi/talousjavelkaneuvonta/en/index.html#>

Proposal for a national strategy to promote financial literacy in Finland

<https://publications.bof.fi/bitstream/handle/10024/43727/Talousosaamisen-strategia-EN.pdf?sequence=1&isAllowed=y>

Annual accounts of the accounting unit of the Ministry of Justice for 2022 (Oikeusministeriön kirjanpitoyksikön tilinpäätös vuodelta 2022) Only in Finnish

[https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/164655/OM\\_2023\\_6\\_ML.pdf?sequence=1&isAllowed=y](https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/164655/OM_2023_6_ML.pdf?sequence=1&isAllowed=y)



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# Thank you !



The Financial Advice clinic in the center of wellbeing services in Tampere