



# **Provision of an European Platform for the Prevention of Over-indebtedness by the Increase Accessibility and the Improvement of effectiveness of Debt Advice for Citizens (PEPPI)**



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# WEBINAR 1

## Vulnerable Groups

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# Identifying target group(s)

- Draw on social research in your country, similar countries or the EU in general
- Examine poverty data (highly correlated with over-indebtedness)
- Talk to creditors, public utilities & private financial institutions about their debtor profiles
- Develop relationships with organisations working with known at risk groups « on the ground »
- Make your own enquiries / survey depending on your service ethos, scope & funding

# Understand the characteristics of the target group(s)

- Literacy & language issues
- Cultural issues & norms
- Stigma or embarrassment
- Access or use barriers (e.g. marginalisation, disability)
- Broader poverty, financial/social exclusion and inequality dimensions

# Connecting with the target group(s)

- Build referral networks (with like-minded groups & creditors)
- Use media channels appropriate to the target group (including social media)
- Word of mouth is generally the best form of publicity
- Develop culturally appropriate materials and use understandable language/symbols
- Get involved in community education programmes in your community
- Directory of debt advice services (online or offline)



# Overindebtedness in Germany

Under 30	0,80 Mil.
Over-indebtedness rate	6,65 %
30 - 39	1,63 Mil.
Over-indebtedness rate	14,12 %
40 - 49	1,30 Mil.
Over-indebtedness rate	12,52 %
50 - 59	1,25 Mil.
Over-indebtedness rate	8,89 %
60 - 69	0,77 Mil.
Over-indebtedness rate	7,06 %
Over 70	0,42 Mil.
Over-indebtedness rate	3,07 %
Overall	8,48 %

# Young ones

- Term “youth” has a positive connotation -> it is a problem when young adults do not live up this expectations.
- Young adults aged 18 to 25 have the highest risk of poverty of all age groups: 25,5 %
- Correlation between over-indebtedness and unemployment.
- Having debts can lead to problems when pursuing a job that is directly related to money.

# Youth debt counselling

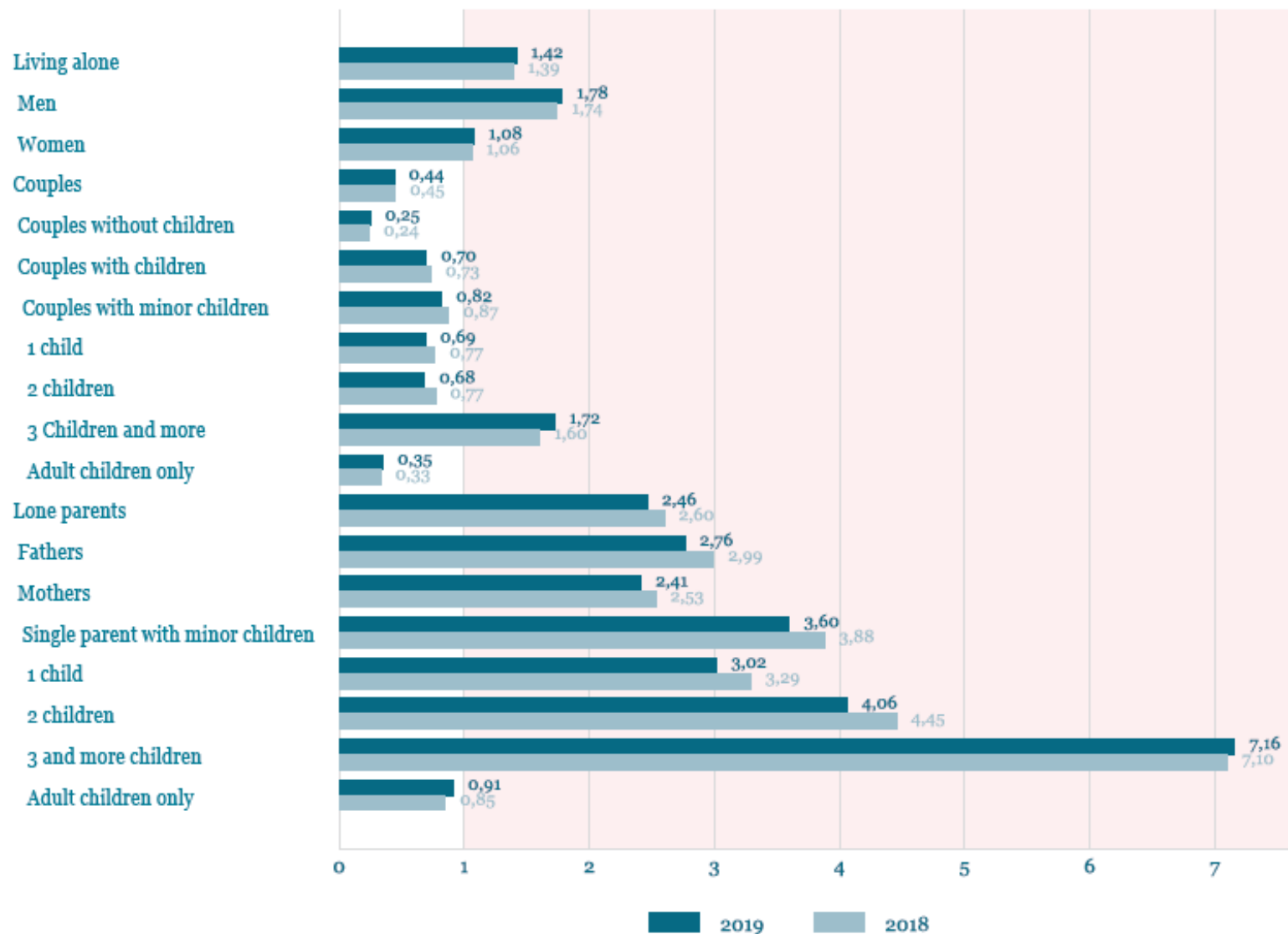
- Low-threshold both in terms of access and in terms of the attitude of the counsellors.
- Diverse access channels (digital, analogue)
- Dealing with last-minute changes of plans and temporary interruptions of contact in a flexible way
- Counselling offer beyond the financial situation - without requiring this



# Youth debt counselling

- Long-term counselling and support with additional topics (housing, education/work, relationships, starting a family, social benefits, budget counselling)
- Relieving those seeking advice of the burden of correspondence with creditors
- Offer of everyday support for young people with few resources or in particularly precarious life situations
- Debt settlement and aftercare

# Focus on single parents



# Overindebtedness in Germany

Tab. 19.: Überschuldungsquoten nach Altersgruppen 2013 bis 2022

	unter 30	30 – 39	40 – 49	50 – 59	60 – 69	ab 70	Gesamt
<b>Überschuldungsquoten: Gesamt</b>							
2013	15,70%	18,13%	11,58%	8,60%	4,68%	0,90%	9,81%
2014	15,37%	18,63%	11,77%	8,73%	4,96%	1,06%	9,90%
2015	14,86%	18,81%	12,06%	8,77%	5,25%	1,16%	9,92%
2016	14,50%	19,17%	12,56%	8,90%	5,51%	1,34%	10,06%
2017	14,06%	18,93%	12,88%	8,80%	5,48%	1,50%	10,04%
2018	13,47%	18,57%	13,13%	8,85%	5,65%	2,04%	10,04%
2019	12,13%	17,72%	13,12%	9,17%	6,36%	2,95%	10,00%
2020	9,63%	17,31%	13,48%	9,64%	7,04%	3,61%	9,87%
2021	6,98%	15,13%	12,72%	9,30%	7,32%	3,17%	8,86%
2022	6,65%	14,12%	12,52%	8,89%	7,06%	3,07%	8,48%

# Older ones

## Main causes of over-indebtedness age group 65-70

- illness, addiction, accident (15.3 %),
- separation/divorce death of partner (13.8 %)
- failed self-employment (13.2 per cent)
- other reasons (12.4 per cent)
- long-term low income (12 percent)
- unemployment (11.3 percent)

(Destatis 2019)

# Older ones

## Main causes of over-indebtedness age group above 70

- other reasons (15.7 percent)
- illness, addiction, accident (15.2 percent)
- separation, divorce, death of partner (15 percent)
- failed self-employment (12.6 percent)
- long-term low income (11.5 percent)

(Destatis 2019)



# Older ones

- The older people who are advised by debt counselling usually live at the subsistence level.
- There is a high number of people (60 %!) who do not claim basic security in old age:
  - lack of knowledge, shame at asking the state for money
  - fear of the office staff
  - Fear of having to disclose their personal circumstances
  - complexity of applying for benefits

# Older ones

- Old-age poverty is the most serious form of poverty.
- Poverty in old age also means a psychological burden.
- It becomes particularly difficult when old-age poverty is compounded by over-indebtedness.
- While poverty in old age has become a widely discussed topic in the public, this cannot yet be said for the topic of over-indebtedness in old age.

# Older ones

For older people, there are special reasons for over-indebtedness that are based on the special phase of life in old age. The above-mentioned reasons identified by Destatis, as well as the permanent low income, are only one reason that can lead to over-indebtedness.

- Shame
- Lack of knowledge
- Costs for health-related expenses



# Older ones

- Many older people are not aware of the debt counselling services
- Due to their high sense of morality and duty, older people try to serve existing with small instalments or restrict their livelihoods extremely
- The value system of older people is often characterized by discipline, obedience and hierarchical thinking. So the creditor must be paid, the debt must be settled.
- Calls and letters tempt the elderly to pay "fear instalments" in the hope that the creditor will then give up and the debt will be paid.

# Older ones: requirements for counselling

- Age-related physical and mental limitations must be taken into account in counselling
- The resources of older people are limited and cannot be activated to a great extent
- Lack of mobility, home visits may be necessary
- If the perspective is a life with debts, then recurring requests for recurring requests for deferment are necessary

# Migrants

- 23.8 million people in Germany have a migration background, of which 11.6 million are foreigners
- 31.8% of people with a migration background come from an EU member state.
- Most of the 23.8 million people with a migration background in 2022 came from
  - Turkey (11.9 per cent/2.8 million),
  - Poland (9.2 per cent/2.2 million),
  - Russia (5.7 per cent/1.4 million),
  - Romania (4.6/1.1 million),
  - Kazakhstan and Syria are the most important non-European countries of origin with shares of 5.6 and 5.1 per cent (1.3 and 1.2 million respectively) (*always related to the own country of birth or the country of birth of the parents*).
- The poverty risk for foreigners is 35.7%, for people with a migration background 27.8% (bpb 2019 ).

# Migrants: preventive consumer protection

- Refugees easily become victims of fraud. Consumer centres can be helpful here.
- Consumer advice can help with everyday issues such as bank accounts, contracts, energy and can then refer you to debt counselling.
- Helpful for the counsellors: checklists, template letters, enough flyers on other counselling services e.g. in Germany the [AWO offers such a tool](#)

# Migrants: counselling and education

- Be on the spot, go there: Information events for refugees on the services offered by the consumer advice centre in shared accommodation and advice centres
- Free excursions to the consumer centres in the group offers centres
- Existing multilingual flyers for distribution to the target group should be distributed by multipliers (social workers).
- Information events for refugees in simple language or with translation at frequently visited places (job centres, neighbourhood meetings, social institutions, day-care centres).



# New target groups

- Covid-19: Suddenly, even people who had never had problems and not had any difficulties before got in trouble
- Capacities of debt counselling are insufficient
- Worsening due to energy crisis: affects all
- Remains a problem: lack of the right to debt counselling

# Excercise

1. Discuss new target groups following the COVID-19 pandemics consequences
2. Ideas of improving debt advice?

Thank you for your attention!

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