

Summer 2023

European Consumer Debt Network Newsletter



CONSUMER CREDIT DIRECTIVE UPDATE

Speaking at the PEPPI conference in Malta in March of this year, Commissioner Reynders stressed "the usefulness of debt advice services to combat and remedy over-indebtedness" and noted that "the new Consumer Credit Directive will in particular establish that member states must ensure the availability of these services to their citizens."

The eagerly anticipated Consumer Credit Directive is likely to be published in September 2023. Thus far it is believed that it will include text in Article 36 of particular interest to ECDN members that is likely to state that, in reference to debt advice services,

1. Member States shall ensure that independent debt advisory services are made available to consumers who experience or might experience difficulties in meeting their financial commitments only for limited charges.
 - 1a. Member States shall ensure that creditors refer consumers who experience difficulties in meeting their financial commitments to debt advisory services easily accessible to the consumer.
 - 1c. The Commission shall, within three years from the transposition deadline of this Directive, present a report providing an overview of the availability of debt advisory services across Member States and identifying best practices for the further development of such services. Member States will report to the Commission on available debt advisory services on a yearly basis commencing the first year from the transposition deadline of this Directive.
 - 1d. For the purpose of fulfilling the obligations laid down in paragraph 1, creditors shall have processes and policies in place for the early detection of consumers experiencing financial difficulties.

ECDN looks forward to seeing the final text later this year and all relevant information will be provided to members in due course.

INTERNATIONAL CONFERENCE ON FINANCIAL FRAGILITY - UNIVERSITY OF URBINO, ITALY

Between 8 and 9 June 2023, the Department of Economics, Society, and Politics at the University of Urbino Carlo Bo, Italy held an international conference on financial fragility. The keynote speakers included Annalisa Ferrando (European Central Bank), and Annamaria Lusardi (Director of the Italian Financial Education Committee and George Washington University School of Business). ECDN president, Dr Dieter Korczak chaired a session; 'the pandemic, financial fragility and financial education', and also participated in roundtable sessions alongside Francesco Gaetano (DG Justice), and Ali Fitzell (MABS).

The shock of the pandemic, high inflation rates, and global political instability created unprecedented economic challenges for many countries with implications for economic activity, productivity, consumption, and investment, as well as the functioning of financial systems, markets, and industries. While the expansionary policies undertaken in response to the pandemic avoided some adverse economic consequences in the short term, they may have increased the indebtedness of firms, default risks, and financial instability in the medium and longer terms. These consequences may also vary across markets, sectors, and firms. For households, the economic consequences and the effects of various policies also depend on financial fragility, income, wealth, and financial education. Indeed, the pandemic has exacerbated household indebtedness, which is a multifaceted concept affected by household type, characteristics, and a mix of potential risk factors. Presentations were made on the following topics:

- the determinants of financial fragility of firms and households
- the interaction effects of financial education and shocks on household and firm financial fragility
- the importance of financial education for firms and households
- the role of institutions in shaping appropriate policies for household financial education

ECDN members may be interested in forthcoming special editions of the Italian Economic Journal (ItEJ) and the Journal of Industrial and Business Economics (JIBE) that will contain selected papers from the conference.



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RE-START PROJECT WORKSHOP - MOVIMENTO CONSUMATORI, ITALY

As part of the Re-start project (co-funded by the EU), Movimento Consumatori held a workshop on 17 May at which ECDN president Dieter Korczak discussed insolvency regulations in Europe. Also at this workshop ECDN's deputy president and Cresus representative, Pauline Dujardin as well as MABS representatives, Gwen Harris and Michelle O'Hara, spoke about out-of-court settlements and/or over-indebtedness procedures in their respective countries, France and Ireland. Speakers were also present from Portugal, Greece and Spain.

For further information on Re-start:

<https://www.movimentoconsumatori.it/progetti/progetti-mc/elenco/645-restart>

FINANCIAL EDUCATION OF YOUNG PEOPLE

With thanks to Helena Holland, Malta

Colleagues in Malta launched an initiative leading to the development of an app teaching children about savings and setting financial goals, the 'Karus' app will shortly be made available on the Gemma homepage [<https://gemma.gov.mt/>].

Further information is available:

<https://timesofmalta.com/articles/view/new-pocket-money-app-karus-aims-encourage-children-save.1040568>

Colleagues in Malta are also part of an EU Commission project group to educate young people about taxation. The TAXEDU platform targets children, teenagers and young adults via different portals increasing in age-appropriate complexity, to explain the benefits experienced in everyday life due to taxation, and how to pay and manage taxation for the older cohorts.

See:

https://europa.eu/taxedu/home_en

https://europa.eu/taxedu/node/950_en

<https://taxedu.campaign.europa.eu/en/teachers-corner>

NOTICES

Money Matters

The next issue of ECDN's Money Matters magazine will be dedicated to an overview of the countries participating in PEPPI, detailing the current situation and progress made. The magazine will be provided to members by mid-July.

General Assembly & Final PEPPI Conference

The ECDN General Assembly will be held on 30 November 2023 at Rue Washington 40, Brussels, Belgium. It is hoped that members will be able to join in person, however, due to the Statutes agreed at the Annual General Meeting in March of this year, it will be possible to attend remotely. Further details will be provided in due course.

The final results of PEPPI will be presented on 1 December 2023 in Brussels, following the ECDN General Assembly. Although PEPPI will officially end on 31 December 2023, it is hoped that the products of the project will continue to grow and flourish in the participating countries for years to come.

PEPPI National Coordinators – Slovenia & Latvia

ECDN is delighted to announce that PEPPI national coordinators have been found for Slovenia and Latvia. In Slovenia the coordination will be done by Prelomi www.prelomi.si and Alenka Hebar Lavrič will be the national coordinator. In Latvia, Guntra Viksna from the Latvian Association for the Protection of Consumer Interests will be the national coordinator. We look forward to working closely with Alenka and Guntra.

PEPPI Webinars

PEPPI webinars have continued throughout the Spring/Summer, with webinars in April, May and June. The recordings of the presentations are available to view on the PEPPI YouTube channel [<https://www.youtube.com/@ecdn-peppi/featured>].

PEPPI webinars will resume in the Autumn, with the first webinar of the new season on 20 September – 'Psychosocial problems of debtors'. Dates are yet to be fixed, but the October and November webinars will include discussions of Return on Investment in Debt Advice Services, and the new Consumer Credit Directive.

Website Update

The ECDN website is regularly updated, and we encourage members to regularly check for information that may be of interest. Your attention is particularly drawn to the knowledge base section which has a new Questions and Answers section:

<https://ecdn.eu/knowledge/questions-and-answers/>

