

December 2023



European Consumer Debt Network Newsletter



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Hungary: Site Visit

Due to several constraints, hurdles and barriers, the progress of the Peppi project in Hungary has not taken the speed we expected. Therefore the European project manager Dieter Korczak was in Eger and Budapest for two meetings November 7-8, 2023. Accompanied by the national coordinator József Mészáros he first met Miklos Matolcsy, Director of the Pontvelem Smart Program Organisation. Miklos arranged a meeting with the Vice-Director of the Malta Order organisation. Furthermore he approached the Hungarian National Bank. But the National Bank does not feel responsible. A very constructive exchange of ideas took place with Béla Öcsi (CEO) and Veronika Lakatos (Partner consultant) from the Institute for Training and Consulting in Banking (Budapest). Hungary remains a challenge.

Slovenia: First conference in Ljubljana about debt advice

We had for quite a while difficulties to find a national coordinator for our Peppi project in Slovenia. Finally - in June 2023 -the institute Prelomi expressed the willingness to take over the responsibility. Since then they have developed Peppi Slovenia very dynamically. They launched in October a consumer website <https://www.prelomi.si/> and they organised a conference on "Preventing Debt and Improving Debt Counselling" [November 14,2023]. The program included presentations on „How emotions and knowledge influence one's attitude towards money“ (Dusana Findeisen), „The causes and triggers of over-indebtedness“ (Dieter Korczak) and „Practice and examples of over-indebtedness“ (Alenka Hebar Lavrič).

Around 50 stakeholders from different organisations and representatives from the Ministries of Economy, Tourism and Sports and of Justice took part in the conference. Also an interview on the first programme of the National Radio Slovenia was broadcasted in which - besides others- the black lending market was highlighted, which results in borrowing and, as a consequence, the exploitation of creditors and usury.



Lithuania

To intensify the transposition of the CCD II the ECDN President and lead coordinator of Peppi, Dieter Korczak, will visit Lithuania [18-19 December]. The PEPPI national coordinator in Lithuania, Kestutis Kupysys, has organised two expert level meetings. On Monday Dieter and Kestutis will have a meeting at the Bank of Lithuania with Simonas Krepsta, Board member of the Bank, and colleagues. On Tuesday there will be a visit to the Ministry of Justice meeting Rosita Pletieneė (Legislative Policy Group Advisor), Asta Godienė (Legislative Policy Group Chief Advisor), Algis Balezentis (Legislative Policy Group Senior Advisor).

Bulgaria

Due to five parliament elections in 2021-2023, promoting debt advice services in Bulgaria is challenging, compounded by the shrinking population, reduced from 8.7m to 7.1m inhabitants in 30 years. It is therefore difficult for the promotion of debt advisory services to be heard by government agencies, financial institutions and NGOs. Pauline Dujardin (Vice-President ECDN) and Dieter Korczak will with the support of Willy Pierre Abbal (National Coordinator) try to get a breakthrough at a visit to Bulgaria in January.

The PEPPi national websites:

Country	Date of Delivery	Address
Bulgaria	02/10/23	https://www.temidafoundation.com/
Croatia	29/11/2023	https://padobran.hr/
Cyprus	29/11/2023	https://www.consumersdebtadvice.cy
Greece	18/12/2023	https://www.debtadvice.gr/
Hungary	under construction	adossagtanacsadok.hu
Italy	23/10/2023	https://debtadvice.uniurb.it
Latvia	31/12/2023	www.paradupaligs.lv
Lithuania	18/12/2023	https://skolai-ne.lt/
Malta	29/11/2023	https://gemma.gov.mt/tackling-debt-malta/
Romania	11/09/2023	https://consiliereconsumatori.ro/
Slovakia	08/09/2023	http://www.pomahamedlznikom.sk/
Slovenia	28/10/2023	https://www.prelomi.si/
Spain	25/11/2023	https://www.asufin.com/proyecto-peppi-sobreendeudamiento/

Summary of the research project “Age discrimination in lending” and its results: The Institute for Responsible Finance in Hamburg/Germany

Submitted by: Duygu Damar-Blanken, IFF Hamburg

The research project “Age discrimination in lending” was funded by a grant from the German Federal Anti-Discrimination Agency and focused on the well-known problem that access to credit is difficult for elderly people. For elderly people, age-related discrimination in lending means that social participation and the ability to manage risks by taking out a loan are at the very least limited. This results in the increased vulnerability of the elderly. This, indirectly, also generates social costs, as disadvantages in access to credit unjustifiably restrict personal development and financial security. The purpose of the research project was to propose specific solutions for a sustainable clarification of this problem.

For this purpose, not only the current legal situation was analysed, but also future legal developments due to the newly adopted Consumer Credit Directive, as well as lending practices. For the analysis of lending practices interviews with experts from anti-discrimination counselling centres, consumer associations, credit institutions and credit intermediaries were conducted. Additionally, surveys among credit institutions and consumer associations as well as anti-discrimination counselling centres were conducted. Before the finalization of the report, the results of the project were discussed in a workshop with representatives from the German Federal Anti-Discrimination Agency, academia, credit institutions, civil society organisations, consumer associations, the Federation of German Consumer Organisations and the Federal Financial Supervisory Authority.

The most important findings of the project at a glance:

- Advanced age of the person has a disadvantageous effect in credit applications.
- Due to the increasing number of branch closures, access to advice is more difficult, especially for elderly borrowers. This leads not only to difficulties in access to credit options, but also in timely and adequate adjustment of existing credit relations.
- The assumption that the probability of repayment decreases with advancing age has many reasons, such as the reduced income at retirement age, the increased risk of death and the increased risk of needing long-term medical care. Credit institutions react to these risks with inter alia age limits and the necessity to conclude a residual debt insurance contract. The necessity to conclude a residual debt insurance contract would, however, lead to age-related discrimination if the insurance is no longer offered above a certain age and its conclusion constitutes a prerequisite for the conclusion of the credit contract, as some credit institutions require from elderly persons.
- Due to increasing standardisation, which is promoted by digitalisation and regulation as well as the intermediation of credits by third parties, loan applications from older people are sometimes rejected without a supplementary individual assessment. For example, additional sources of income based on freelance work after retirement are not taken into account in standardised lending.

- The German Equality Act (GEA) does not provide comprehensive protection against age-related discrimination in consumer credits, as not all credit agreements can be categorised as mass transactions or legal relations similar to mass transactions within the meaning of § 19 para. 1 No. 1 GEA. This legal uncertainty is strongly reflected in counselling practice. Amendment of the existing legal provisions is required in order to prevent age-related discrimination in lending.
- There is a large gap in counselling regarding (age-related) discrimination in lending. The advisors at the consumer associations are not familiar with the applicability of § 19 GEA in general and to loan agreements in particular. In addition, the advisors at the anti-discrimination advice centres are usually not familiar with the lending practice to be able to distinguish between an objectively justified creditworthiness assessment and (age-related) discrimination.

Our recommendations:

- Securing protection against age-based discrimination in consumer credits can be achieved by either (i) an explicit provision in the GEA regarding credit agreements, or (ii) a general, comprehensive provision on the prohibition of discrimination in private law relationships, which also provides protection against discrimination in credit agreements.
- Definition of principles and guidelines for the use of statistical values for creditworthiness assessments for both consumer and property loans would provide principles and guidelines for case-by-case assessments as to whether the discrimination is justified by an objective reason. The adoption of the new Consumer Credit Directive and its transposition into German law provides a suitable opportunity.
- Adaptation of regulatory requirements for loan securities would give credit institutions more discretion with regard to which alternative security or insurance could be requested and be more appropriate instead of the residual debt insurance contracts. The access problems for elderly people will not be completely eliminated by the new Consumer Credit Directive.
- Developing expertise to close the counselling gap is necessary due to the lack of a specialised centre which can interlink the aspects of discrimination and financial services.

Final report of the project (in German) is available [here](#).

NOTICES

Welcome to new members

At a member's vote on 30 November, ECDN unanimously welcomed three new organisations as members. We look forward to working with Tiziano Avanzati and the Movimento Consumatori team in Italy, and to continue on from our PEPPI partnership with Rodica Apan at the Consiliere Consumatori in Romania, and Igor Škrgatić at Padobran in Croatia.

Movimento Consumatori / Italy www.movimentoconsumatori.it

Association for Consumer Financial Service Advice / Romania
<https://consiliereconsumatori.ro/>

Padobran / Croatia www.padobran.hr

Setup of the working group "Transposition of the CCD II"

The Consumer Credit Directive II was adopted by the EU Council on 9 October 2023 and was legally entered into force in November 2023. Debt counselling is defined by the EU in Article 3(22) as "personalized assistance of a technical, legal or psychological nature, provided by independent professional operators....

in favour of consumers who experience or might experience difficulties in meeting their financial commitments"

This legal definition of debt counselling can be described as ground-breaking, as it codifies the holistic approach to debt counselling for the first time. The EU member states have two years to implement the directive. ECDN has set up a working group to support this process.

ECDN YouTube Channel

The ECDN YouTube channel is an excellent resource that we encourage all members to use and to subscribe to: <https://www.youtube.com/@ecdn-peppi>

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/>



NOTICES

ECDN Vacancy

From January 2024, the ECDN Secretary post will be vacant and a replacement is being sought. This is a contract post from 1 January 2024-31 December 2024, with the possibility of annual renewal.

Job specifications:

- regular e-mails coordination with members and externals
- phone contact with members and externals when needed
- preparation of video conferences
- protocolling meetings and conferences
- preparing all the necessary documentation
- being responsible for delivery of necessary documentation
- contacting institutions when needed
- controlling incoming documentation
- updating profiles of members
- uploading personal information on the ECDN database & office files
- familiarity with Canva or other desktop publication software an asset
- organizing events such as General Assembly or European Conference
- organizational support of Money Matters editions (1 per year)
- preparation of distributing Money Matters issues (1 per year)
- writing newsletter in close contact with president (4 per year)
- maintenance of LinkedIn and Facebook accounts (regularly)
- developing formats for business cards, business letters, flyers and other distribution material
- regular contact and reporting to the President
- permanent documentation and control of expenses

Work Load: It is estimated that the annual work load comprises 12 weeks

Payment: Payment will be on contract base - 500 Euro per week

References: Please provide us with a list of your personal and institutional coordination experiences and capacities

Application: Please send your application until 21 December 2023 to the President or the Vice-President of ECDN: president@ecdn.eu / dieter.korczak@gp-f.com / p.dujardin@federationcresus.fr

