Winter 2024

European Consumer Debt Network Newsletter

Welcome to the Winter Edition of our Newsletter. We hope you enjoy the reports and updates on activities of our members. We invite you to share some of your activities in our next edition, we are a growing community and sharing our work helps us all learn and grown stronger as a consumer debt network.

We wish you and your families a Merry Christmas and a peaceful New Year. Looking forward to working with you all again in 2025.

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ANNUAL MEETING OF I DIRETTI DEL DEBITORE, ROMA

On November 5, 2024, the annual meeting of the National Association "I Diritti del Debitore" was held in Rome at the Chamber of Deputies, Giacomo Matteotti Hall.
The meeting, on the topic of the role of the third sector in resolving the debt crisis of families and businesses, was organized in partnership with ECDN, D.R.E. (acronym for Debt Relief Experts), and the Italian Foundation for the Study of Labour Consultants.

The presence of Dr. Dieter Korczak, President of ECDN, was particularly appreciated and valuable. His presentation of the activities of ECDN and the policy brief on the subject of obtaining support funds for debt consultancy services appeared to be completely harmonious with the project of the consultants presented by Salvatore Alessandro, President of "I Diritti del Debtore".
This project of social, welfare and educational counselling centers, specialized in assisting families and businesses in debt crisis, includes the provision of legal, economic, financial education and psychological support services.

It is worth remembering, in fact, that Article 36 of Directive 2023/2225 on consumer credit, provides that Member States must ensure that independent debt counselling services are made available to consumers and for which only limited fees are due.
The effectiveness of the project relies on the competence and specialization of the professionals involved.

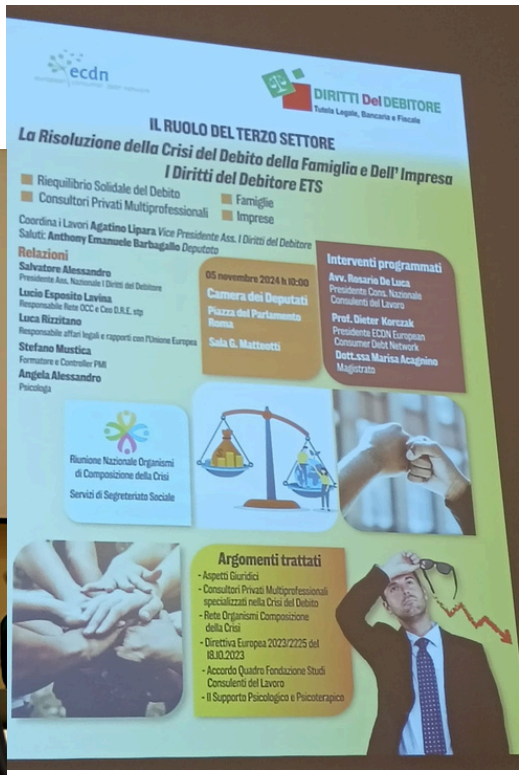
Aware of this need, the association has institutionalized the training department, entrusting its management to D.R.E. s.t.p., a professional company specialized in providing consultancy and training to professionals in the field of debt crisis and training department based in Rome. D.R.E. in agreement with Italian and European public universities, will develop specific training courses for professionals who already work in the network or those who ask to be included in the consulting rooms. Training represents a key element to ensure the effectiveness and sustainability of the project in the long term.

The main effects of the meeting and the most appreciable results were the presentation of the policy brief by Dr. Korczak and the role that the policy itself could have in the European consultancy project.

Dr. Korczak's report, in fact, highlighted how, regardless of individual legal systems, the causes of over-indebtedness and the effects on the economic system are substantially identical throughout Europe and, therefore, how the work of the network, as a whole, has common denominators and passionate actors who contribute mutually to the creation of ideas to propose to individual governments. Within the relationships between ECDN, “I diritti del debitore” and D.R.E, led by Avv. Luca Rizzitano from 2023, a European training system of professionals in debt consultancy could be developed that will make the purposes of the directive on consumer credit effective and concrete.

The main outcome of the joint efforts is the recent proposal to set up a fund of 500,000 euros to cover procedural costs for debtors without resources, put forward in Italy as an amendment to the 2024 budget law. From this point of view, the National Association, during 2025, will directly involve the network in the development activities of the consultancy project and will commit to presenting the policy brief to its national government.

Palermo 15.12.2024
Luca Rizzitano



OBSERVATOIRE DU CRÉDIT
30TH BIRTHDAY CELEBRATIONS

On November 21, a conference was held to celebrate the 30th anniversary of the Observatoire du Crédit et de L'endettement, with a European theme. A landmark event that brought together experts from the Netherlands, France, Italy, Slovakia and Belgium to discuss over-indebtedness and the solutions adopted in each country. After a brief introduction about the Observatoire's history, the speakers, most of whom are ECDN members, were invited to talk about the situation in their country. At the end, a panel discussion was organized to discuss the differences in their country.

Joeri Eijzenbach, from the NVVK, presented the system for combating over-indebtedness in the Netherlands with local takeover, a rapid debt erasure system (18 months) but with marked differences in the way beneficiaries are taken care of by municipality.

Luca Rizzitano from I Diritti del Debitore spoke about the many legal procedures available in Italy for over-indebtedness. On the other hand, he acknowledged debtors' lack of awareness of existing aid schemes.

ECDN member Peter Daniel outlined the recent history of debt mediation services in Slovakia (which began with the PEPPI project). The legal aid procedure for erasing debts is over- but not well-utilized, and debt mediation services are welcome to better guide debtors. They are composed of an economist, psychologist and a jurist

THE PEPPI PROJECT

Nearly one year after the official end of the PEPPI project we finally received the approval of our financial reports by EISMEA.

We are so happy that we now can distribute the great results of our activities for the improvement of qualitative access to debt advisory services in thirteen EU Member States. It was a big challenge for ECDN to organise and handle thirteen different grants in thirteen different countries with no or very few debt advisory services. But thanks to our common efforts we succeeded in providing an international knowledge platform, an online academy tool and thirteen national websites to consumers and stakeholders. We organized two great conferences in Malta and Brussels. We could increase the European network by new corporate members from Bulgaria, Croatia, Italy, Malta, Romania and Slovakia.

The successful project team: Dieter Korczak as Lead Project Cordinator supported by Gwen Harris, Pauline Dujardin, Ewa Kruk, Malwina Silva da Mota, Noelle Cotter, and the National Coordinators Kestutis Kupsys, Guntra Viksna, Ladislav Suty, Alenka Lavric, Igor Skrgatic, Rodica Apan, Carlos Zarco, Willy Pierre Abbal, Jozsef Meszaros, Marios Drousiotis, Anastasios Kokougiannis, Helena Holland, Germana Giombini and Giorgio Calcagnini.

We are working to find a publisher for a project final report of all results. Single country reports can be delivered on request by emailing secretary@ecdn.eu

CCDII WORKING GROUP OF ECDN

The establishment of a CCD II working group by ECDN has proven to be a useful undertaking. In the period from October to December 2024, 3 online meetings took place in which the members of the working group reported on the progress of the CCD II transposition process in their country. The transposition process is currently very slow in most countries, partly due to the upcoming parliamentary elections.

In Spain, the Ministry of Economy, Trade and Enterprise made a public consultation for the transposition of CCD II. From consumer protection side it was pointed out that it is necessary for the lender to develop methods of detecting consumers in financial difficulties and to provide them with information on these situations prior to over-indebtedness and non-payment.

With regard to the remuneration of independent debt counselling services, in order to ensure their sustainability, this remuneration should come from the lenders themselves, in addition to the public consumer services, e.g. by earmarking the amount of fines from defaulters for such purposes.

In Greece, 6 online meetings of the Greek transposition committee have taken place. Participants include representatives from Ministries (Development and Finance), the Bank of Greece, consumer organizations, the banking sector (Greek Bank Association), University of Athens (Faculty of Law), Consumer Ombudsman (public entity) and Financial Ombudsman (private ADR entity). They discuss article by article of the Directive and have now reached article 21.

The aims of CCD2 are consumer focused.

REQUEST FOR SUPPORT FROM LATVIA

A letter from our Latvian National PEPPI Coordinator reached us asking for help because the protection of debtors was reduced by the parliament on June 20th 2024. 80 members of the Latvian Parliament (Saeima) voted for amendments to Article 594 of the Law on Civil Procedure, which stipulates that instead of the guaranteed minimum salary (EUR 700) for a debtor who is not a maintenance provider, half of the minimum salary after taxes (EUR 275) should be left. Until October 1, 2024, the Civil Procedure Law stipulated that the debtor must in any case maintain the minimum wage (EUR 700).

These amendments will apply to all employees, pensioners and disabled people. There are approximately 370,000 debtors in Latvia whose income is the minimum wage or less. Among them are pensioners, disabled people, hospital orderlies, nursing home caretakers, shop assistants, auxiliary workers and janitors. In Latvia, even the salaries of firefighters are close to the minimum. Many of these debtors became such when, in 2009, the Latvian Saeima decided to save the banks at the expense of the citizens, even halving the salaries of teachers, doctors, policemen and other workers. Many jobs were eliminated altogether. These people, after a cut in salary or job loss, were no longer able to meet their obligations to creditors and lost their mortgaged homes for the forced sale value and were saddled with unpayable debt burdens. Most of these people still have these debts, because the insolvency process in Latvia is expensive and only wealthy people can afford it.

Dieter Korczak reported on this problem situation in the November meeting of the Financial Services User Group. The FSUG decided that a position paper on minimum income protection will be developed, which will include a table comparing the situation in different countries, including whether the minimum wage is protected, the amount, and the relevant laws.

It would be very helpful if our members and friends of ECDN could provide us with this information by emailing secretary@ecdn.eu

Thank You!

SUPPORT FOR PREVENTING EXCLUSION FROM SOCIAL LIFE

At the beginning of December 2024, 5 of our ECDN Members (GPF, MABS, SKEF, NVVK, CRESUS) had the pleasure of meeting a team from the Perugian Bar in the SPF (Service Public des Finances) in Brussels to develop a framework for the SPES project.

SPES is a European project under the Erasmus Plus program, which means Support for Preventing Exclusion from Social-life(SPES) caused by over-indebtedness and which is conducted by the Perugian bar association in partnership with ECDN.

The project aims to promote social inclusion and the growing participation of people with fewer opportunities in adult education for people in socio-economic difficulties and poverty.

This study visit in Belgium was the first stage of the project and aims to share skills, knowledge, competences and practices among the 2 organisations among the participants with the 2 main objectives :

- ☑ building a RISK INDEX of over-indebtedness accessible to over-indebted people and those in socio-economic distress, with fewer opportunities;
- ☑ set up prototypes and pathways of multidisciplinary adult education programs

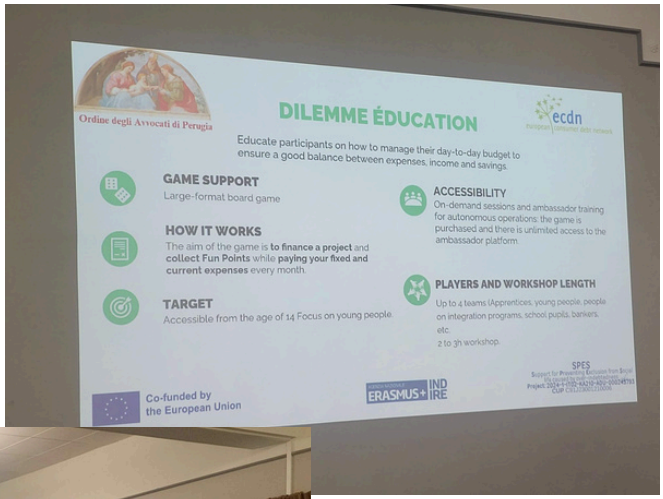
SUPPORT FOR PREVENTING EXCLUSION FROM SOCIAL LIFE

Over the 4 days we had interesting brainstorming sessions, where we shared the different models and existing tools in the EU. We discussed :

-Key competencies for an ideal Debt Advisor (identify training objectives/curriculum design)
- Methodology of the training and evaluation - what would be suitable for our profile of operator
-How to deliver foundational knowledge effectively; how to integrate hands-on learning experiences
-Causes and triggers of over-indebtedness to build the risk index

In the coming year, Perugian bar will develop their tools which will be tested by European and Italian stakeholders in the online panel.

Participants at the workshop had the opportunity to play Dilemme Education game



SCOPING WORKSHOP ON OVERINDEBTEDNESS RESEARCH

Over three days in November (27-29 November), 16 German over-indebtedness researchers and three practitioners met for a workshop in Hannover (Germany), which was financed by the Volkswagen Foundation. Among the participants were also various ECDN members: Sally Petters (iff), Ines Moers (BAG-SB), Christoph Mattes (University of Applied Sciences Olten) and Dieter Korczak (ECDN).

The topic was the further development of research approaches. The open-ended approach of the workshop has created a fertile space for inter- and transdisciplinary exchange. The workshop provided an intensive platform for the further development of the research field on indebtedness and over-indebtedness. Many research fields were identified, e.g. longitudinal trajectories of over-indebtedness, illness as a cause of over-indebtedness, gender aspects, self-image of debt counselling, over-indebtedness statistics, addiction and debt.
In the coming weeks, a position paper will be developed on the basis of the workshop results.

We would like to encourage you to share your new materials, educational resource publications, best practices (case studies, reports, and research), tools, templates, and success stories with us .
You can email your contributions to secreatry@ecdn.eu with a brief description of the materials.
Thank you for your dedication and support.