Improving Financial Literacy as a way to prevent overindebtedness

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Improving financial literacy

Christa Leitner:
Overcoming debt as a labour market barrier (Austria) ................. 4
Martin Schürz:
A questionable recipe (Austria) ........................................... 9
Ulf Groth:
Financial general education:
A contribution to debt prevention? (Germany) ......................... 14

COUNTRY REPORTS

Didier Noël:
Educating the public (Belgium) .............................................. 18
Maija Puomila:
Topical review of financial counselling (Finland) ....................... 23
Carol Dunne:
A National Strategy for financial literacy (Ireland) ...................... 26
Christian Schumacher:
Supporting responsible consumers (Luxembourg) ...................... 28
Mariusz Mowka:
Education to increase financial knowledge (Poland) .................... 30
Richard Ahlström:
Consumer education in compulsory schools (Sweden) .................. 32

GOOD PRACTICES

Werner Sanio:
"finanziell fit" (fit in finance) -
A training project for young people (Germany) ......................... 34
Eva Trube:
The prevention network for financial competence (Germany) ........ 36
Boguslaw Kaczmarek:
Financial Education: A pilot project (Poland) ............................ 37
Gerjoke Wilmink:
NIBUD - Spreading information on household finances
(The Netherlands) ............................................................... 38
Thomas Berghuber:
Klartext: Plain language for young people (Austria) .................... 42
Thomas Pachl:
Bad practices in Tyrol (Austria) .............................................. 44
More good practices (Austria) .................................................. 45

CONCLUSIONS ........................................................................ 48

LIST OF PARTICIPANTS ............................................................ 50
Background
For the past three years ASB Schuldnerberatungen GmbH - the umbrella organisation of the Austria debt counselling centres - has been running a project focusing on overindebtedness as a barrier to labour market access and on developing ways to improve the situation of overindebted women and men.

After comparative studies and exchanging experiences and strategies on both national and European levels improving financial literacy was identified as one of the necessary strategies to prevent overindebtedness and improve chances of labour market participation of (formerly) overindebted people.

This conference with experts from different European countries has been used to present and discuss the overall results of two previous conferences on Overindebtedness as a Barrier to Labour Market Access and as a platform for exchange of experience, good practices and challenges in the field of financial education (programmes) as well as for the development of common strategies in this area.

Inputs from experts from different countries give an overview of the situation in these countries highlighting some of the specific problems and challenges. The exchange of various good practices examples from all over Europe was meant to build the starting point for developing common strategies.
Overcoming debt as a labour market barrier

Within the framework of the EQUAL project Schulden-Shredder strategies for overcoming debt as an obstacle to labour market access were developed.

Christa Leitner

EQUAL is an EU community initiative aimed at combating discrimination and inequalities in the labour market. In Austria it is co-financed by the Federal Ministry for Economic Affairs and Labour (BMWA) and by the European Social Fund (ESF). The project Schulden-Shredder was started in September 2002 and ended in September 2005.

15 partners from debt counselling services, social counselling centres, ministries and the economy cooperated in the project as a Development Partnership (DP), 11 of them working in direct implementation, while four contributed by offering an exchange of information and expert knowledge.

Furthermore, the project had four transnational partners in the Czech Republic and in the East German provinces. Together with six other Austrian DPs it participated in the network Destigmatisation.

Objectives of the project

In Austria 300,000 households are overindebted or on the brink of overindebtedness, which causes problems for household members looking for a job or trying to keep it. 34.9% of clients of debt counselling services are unemployed, which is a significantly higher unemployment rate than in the average population.

Thus indebtedness leads to structural disadvantages in the labour market, which directly concerns a large population group including marginalised social groups and persons distant to the labour market as well as temporarily unemployed persons but also currently employed or self-employed persons.

Specific schemes of support

The long-term objective of the project Schulden-Shredder was to (re)integrate disadvantaged and indebted persons into the labour market or to keep them from losing their positions in the labour market. Target-group specific schemes of support for unemployed persons, persons released from prison, single parents and persons living in precarious housing conditions were developed and tested. A model cooperation between debt counsellors and counsellors working in social and labour market policy institutions was

Schulden-Shredder: Development partners

- ASB Schuldnerberatungen GmbH, the umbrella organisation of the Austrian debt counselling services, as coordinating partner
- Public Management & Consulting Gmbh as partner in charge of financial matters
- five debt counselling services from Vienna, the Tyrol, Salzburg, Styria and Lower Austria
- Caritas Austria, Salzburg and Graz
- the Austrian Federal Economic Chamber
- the Vienna Chamber of Labour
- the Federal Ministry for Social Security, Generations and Consumer Protection
- Verein NEUSTART - an association for probation assistance, conflict management and social work
- Piber Software KEG
developed from joint experience under the name FinanzCoaching. This project gives unemployed persons, persons with disadvantages in the labour market and persons with low incomes easier access to debt regulation in and out of court and facilitates their access to the labour market.

**Seminars and counselling**
Seminars and counselling on the themes of attachment of earnings and settlement of debts were organised for employers and for staff working in the accounting or personnel departments. Through this measure prejudices and fears were reduced and employers were made aware of the situation of indebted employees, so the position of employees in the labour market was strengthened.

From the project results and findings, some demands for legislative measures were deduced, which are constantly present in discussions with legislators. These demands are: general access to a current account, abolition of the third-party debtor enquiries, simplification of the third-party debtor statement, freeze of interest and execution against property during earnings attachment proceedings, and the creation of support structures for self-employed persons whose businesses have failed.

The objectives of the Development Partnership were implemented through the following projects and modules:

### InfodienstCenter (IDC) including Schulden-Shredder tools

An extensive web portal featuring an expert database system was designed. As a general point of information this module forms a link to all other projects, where the wealth of experience gathered in the debt counselling centres and the project modules is collected.

Within the framework of this project, Schulden-Shredder computers were installed in the debt counselling service centres of Lower Austria in order to give socially disadvantaged persons access to new technologies and provide preparatory material for the counsellors. Clients were invited to work out their own credit schemes and attachment calculations, lists of creditors and household budgets on these computers.

Experience with the Schulden-Shredder tools in the counselling centres has shown that many clients of debt counselling services have little or no computer skills. In many cases, reading and writing competence is also lacking. Only persons who have a computer at their disposal at home or work and use it regularly have the necessary qualification to work with online-tools. This group of clients readily take the opportunity to do so, as the frequency of use of the Schulden-Shredder tools on the Internet has shown.

Indebted and unemployed people with deficient reading and writing competence and no computer skills are disadvantaged in several ways. They are less employable and in need of competent and adequate counselling and support for coming to terms with their debt situation. Thus a general reading, writing and EDP qualification level is called for in order to strengthen the self-help potential of those concerned.

ASB was responsible for the implementation of this project and closely cooperated with the debt counselling service in Lower Austria (Schuldnerberatung Niederösterreich) and with Piber Software KEG.
Raising the awareness of employers and prevention

The aim of this project was to support overindebted employees and unemployed persons by means of targeted information, counselling and raising the awareness of employers regarding their interaction with (over)indebted employees. A study was drawn up to investigate the motives of employers to effect an attachment of earnings and that of employees in a situation of overindebtedness. As the results of the study have shown, attachment of earnings continues to be a labour market barrier.

As a consequence of this study seminars and counselling focusing on the theme of attachment of earnings and settlement of debts were organised for employers and staff of personnel and accounting offices, and working material for the seminar was designed. In the course of the project, employers who have participated in a seminar or counselling session become partners and allies. They often turn to the debt counselling services for help, e.g. in case of difficulties arising during the attachment of earnings, and they increasingly encourage employees to try and settle their debts. The fact that the seminars were free of charge initially led to sceptical reactions such as: “What can this be worth if it doesn't cost anything?” But the participants were soon convinced of the high quality of the seminars and counselling. An easy-to-read version of the third-party debtor statement will soon be available on the Internet.

In the field of debt prevention, seminars for young people, e.g. apprentices, were held. The debt counselling service Tyrol (Schulderberatung Tirol, Rechtsladen) was responsible for implementing the project.

In addition to a transnational cooperation with partners from the East German provinces, a Development Partnership in the Czech Republic and one in Austria, two expert meetings on Debts as a Labour Market Barrier in Europe and a concluding European expert conference on Financial Literacy as a Way to Prevent Overindebtedness were organised. One outcome of these conferences was the strengthening of the Europe-wide network of experts in these fields.

During the exchange of knowledge and experience at the European level, the following was found:

- European standards and data are lacking as is public awareness for the problems of debts and unemployment.
- Debt counselling institutions and prevention work need to be expanded to enable us to react adequately to social developments.
- The improvement of financial literacy is a way to alleviate the problem of debts as a labour market barrier. For this reason, the final European conference was dedicated to this issue and a new EU project focusing on this theme will be applied for.
New strategies for labour market policy organisations

Four provinces contributed to this project, developing schemes for integration into the labour market and new concepts of counselling target groups such as unemployed people undergoing a training measure, single parents, persons living in precarious housing conditions and criminal offenders. What is special about the project is that social counselling organisations (Caritas Graz, Caritas Salzburg, Verein Neustart) and a provider of courses organised by the Public Employment Service AMS cooperated with the debt counselling services in Vienna, Salzburg and Styria to create counselling concepts for target groups distant to the labour market. These concepts were tested during counselling sessions with clients and adjusted accordingly.

As a result of the experience from the projects the cooperation model “FinanzCoaching - Erste Schritte aus der Schuldenfalle” (first steps out of the dept trap) was developed to facilitate a low-threshold access to debt counselling. At the beginning of the cooperation, the debt counselling service teaches basic knowledge to the staff of social institutions, e.g., in the course of a seminar, so that they can carry out the initial steps of debt counselling themselves with their clients. These initial steps, the so-called Finanz-Check, consist in drawing up a list of creditors and a balance of income and expenditures, in emergency measures to secure the livelihood in case of dangerous debts and in measures to increase income and/or lower expenditures.

In many cases the clients are referred to the debt counselling services, where the actual settlement of debts is carried out. Comprehensive designs for one- and three-day basic debt counselling knowledge courses for staff of social institutions have been developed.

The FinanzCoaching manual is a 200-page ring binder containing a theoretical and a practical part with detailed information on the FinanzCheck and on debt issues as well as material for working with overindebted clients towards the first steps out of the dept trap (household budgeting book, forms for letters, information leaflets).

In this cooperation model counselling resources can be used efficiently in the debt counselling centres, as clients will come to the counselling sessions well prepared and first contacts after which counselling is not continued are made outside debt counselling centres. By means of knowledge shared with multipliers, debt counselling services are made available to a larger number of persons; furthermore, social workers acquire additional qualifications in this way. Also, the employability of clients is increased.

The debt counselling service Schuldnerberatung KWH was responsible for the coordination of the cooperation model and in cooperation with ASB the products of Module 3.

Information and services

The wealth of experience gathered by the debt counselling services within the past few years, and especially the project results, were collected in the information service Infodienst-Center, a web portal with expert database system, which is now open to all those who are interested in the subject (e.g. the Federal Ministries, the Public Employment Service, the social partners, social and labour market policy institutions, national and European network partners).

Cross section theme: formerly self-employed clients

The situation of formerly self-employed persons as clients of the Austrian debt counselling services
was investigated within the framework of a study. It was found that adequate support structures that would guarantee a smooth exit from the business in case of failure are still lacking.

**Sustainability**
Within the partner organisations of the DPs, the Schulden-Shredder products will be utilised also after the project period has ended.

- The operation of the InfodienstCenter will be continued by ASB; it is also planned to continue and spread the cooperation model Finanz-Coaching. Both the Public Employment Service and the Federal Ministry for Social Security, Generations and Consumer Protection have shown interest in the project.
- The seminars that have been developed will be integrated into the further education and training programme of ASB.
- The Shredder tools have been adopted by the EQUAL project Telfi and are applied in tele-learning for clients in prison.
- Ongoing cooperations have been formed at EU level, and new project applications have been filed. The FinanzCoaching project will be continued and further developed by the networking partner Heureka (Bildungs-Seminar, Germany).

**Conclusions and consequences**
The following demands and conclusions can be drawn from the results of the DP Schulden-Shredder:

- In order to guarantee open access to debt counselling services, those services must be expanded.
- Models of cooperation between debt counselling services, social counselling centres and other labour market policy institutions shall be promoted.
- The cooperation model FinanzCoaching shall become an integral part of all labour market policy measures.
- Employers shall be relieved of their role as third-party debtors in order to diminish the barrier of earnings attachments in the labour market.
- A support structure for formerly self-employed persons whose businesses have failed shall be created.
- The right to a current bank account shall be legally enacted, as it has been in other EU countries (e.g. Belgium).
- The improvement of financial literacy shall be advanced and prevention measures shall be established in all Austrian provinces.
- The general public shall be better informed and made aware of the problems related to debt and the labour market.

**Counselling Services Meeting 2005**
The concluding event with a total of 99 participants was an occasion for debt counselling centres, project and networking partners and everyone interested to meet, exchange views and learn about the project results. It was also a forum for debating all the relevant questions in connection with the theme of overindebtedness in relation to the labour market.

The significance of debt counselling for social and labour market policy as well as its benefit for the national economy were analysed and discussed.
A questionable recipe

Financial education comprises the provision of financial information, the support of consumers to develop the relevant skills and the confidence to act accordingly in financial situations. It makes consumers aware of financial opportunities, choices and consequences. It tries to ensure that consumer acquire the skills to understand financial concepts. And it involves changing behaviour and ensuring that consumers feel confident to make decisions that improve.¹

This definition refers to information, knowledge and behaviour of individuals. In particular it comprises the development of skills, the capability to transform knowledge into action, the awareness of choices, and the ability to choose self-assuredly among the choices. Financially educated consumers will make better decisions for their families and "financially literate consumers enable increasingly complex financial markets to operate efficiently".²

Financial consumers, generally, often are not well-informed when they make decisions about financial products. Research shows that a substantial part of the population (in U.S.A., UK, Australia etc.) have inadequate knowledge about concepts related to personal finance.³

Official justification of financial literacy programmes

Financial market innovations, increasing complexity of financial products, and changes in personal finances are important developments in the financial landscape. Capital markets have become more sophisticated. Innovations allow consumers a broader access to financial products but the characteristics of such products may be hard to understand. Sometimes there is a financial market failure as financial institutions do not reach the poor.

Social and political changes leading to a broader involvement of consumers in financial markets have contributed to the - perceived - need for greater financial awareness. There is a growing importance of individual autonomy in society. Consumers' responsibilities for their retirement savings have grown. Changes in welfare reform have moved low-income consumers from government benefit recipients to permanent job seekers.

The characteristics of actual financial markets differ from those of purely competitive markets. Financial education helps to create conditions to approach purely competitive markets.⁴ And a further goal stated in all financial literacy rationales is that informed consumers help to avoid the predatory practices of unscrupulous financial firms.

In OECD countries there is an increased emphasis of governments on the importance of financial education. In the U.S. the Federal Reserve Board has addressed the topic on numerous occasions and Congress held a two-day hearing on the subject in 2002.⁵

The centrality of educational efforts has until now drawn its rationale from more or less plausible inferences concerning the impact of literacy programmes on knowledge and behaviour. Thus, many literacy programmes work under the implicit assumption that increases in information and knowledge will lead to positive changes in financial behaviour.

The OECD has recently started to identify good practices for effective financial education programmes. However, a striking feature of financial literacy programmes is the extent to which they have proceeded without much hard evidence of any kind. There are only a few evaluations of their success. All of them have to be interpreted cautiously.³

Martin Schürz
Österreichische Nationalbank

2 OECD 2004.
Introduction

The evaluation of the effectiveness of financial literacy programmes cannot reveal a direct impact as there is no credible way to estimate outcomes in the absence of participation.

Looking at the problems identified by the extensive literature on financial education one would conclude almost everybody today is in need of continuous education. However, different groups are considered to be more vulnerable. Common sense in the literature is that financial education is of particular importance for three specific groups, the unbanked, credit users and retirement savers.

Evidence suggests that people sign up for training when they have a specific problem or a particular goal. There is not much evidence that financial literacy courses offered outside that context or outside a captive situation like the workplace will attract much interest. Empirical data demonstrate that part of the problem lies in the fact that consumers seem not to act on the information provided to them in the expected manner. Many times they do not make use of the information provided or they do not understand it.

Elements of financial education

Analytically often three types of financial education problems are distinguished: information problems, knowledge problems and inadequate financial behaviour. Financial education shall ensure that information will become knowledge, however, even adequate financial knowledge does not ensure adequate behaviour.

Financial information

The key supposed to get people to improve their financial behaviour is to give them information which subsequently will form knowledge that they can then use in their financial behaviour. There is already an explosion of finance-related Internet sites, magazines about money and investing. Thus, information is available. “Years ago” said Arthur Levitt, chairman of the Securities and Exchange Commission “the problem was a lack of information. But the irony is: Do people have the foundation in the basic financial skills that will allow them to use that information?”.

Classroom-style programmes taking a “one-size-fits-all” approach may not be enough for some participants and too much for others. The adequate way of delivery of financial literacy programmes is a topic for scientific investigation. There are several ways to realise financial literacy initiatives: to organise seminars, to distribute pamphlets, to use radio, television and newspapers or to post information on the Internet. Each of these different types of delivery systems has its merits and potential drawbacks. Consumers are more receptive to informal seminars held in their community. Resource materials such as pamphlets, booklets and videos are more useful to consumers when disseminated at these informal programmes. Using radio and television media are an effective way to provide information to consumers but are an expensive delivery mechanism. Information offered through a web site may be less effective for lower-income households that do not have a convenient access to the Internet. However, the most important source about personal finances is personal experience.

Financial knowledge

Surveys of financial knowledge in several OECD countries have shown that consumers are in need of financial education. But: “There is a difference between providing information and providing education. Education may require a combination of information, skill-building, and motivation to make the desired changes in behaviour.” Most of them found that financial knowledge varied with socio-economic conditions such as income, education and race. While questions varied the standard suggestions how to behave seem to follow the financial education messages of US Treasury: build savings to avoid high-cost debt and improve payment options, pay bills on time and pay more than the minimum payment.
compare shops for credit and obtain only the credit you need and understand your credit history and how it affects you.  

Surveys in the United States found that half of the adults and two-thirds of high school students had failing scores on a basic economic test. The respondents did not understand economic notions such as inflation and interest rate. Results from the Jump$tart Coalition’s biennial financial literacy tests 2004 of high school seniors show that students correctly answered 52% of the questions. In 1997 the level was 57.3%. Hispanics and African Americans tend to have below average financial literacy scores. The majority of the participants said they learned most of their skills at home.

While financial consumers, generally, often lack the information they need to make informed choices about a range of products, for poor people lack of knowledge is claimed to be a barrier to the use of financial services at all.

Financial knowledge is lower in low-income families than in wealthier families. This holds even already true for children. Children from low-income families have less opportunities to learn about the role financial institutions play as they do not observe their parents using banks or non-cash methods of payments.

Financial behaviour
There is a correlation between financial knowledge and behaviour (those with better results in financial tests follow recommended practices such as paying all bills on time, reconciling the check book every month and having an emergency fund) but the direction of causality is unclear. Either the increased knowledge of people improves their behaviour or people saving will gain financial knowledge or a third variable such as economic socialisation affects both.

How do people make financial decisions? There are empirical indications that common-sense observation of human actions is not that wrong. Behavioural economics has demonstrated different kinds of anomalies. Fed Vice-Chairman Roger W. Ferguson (2002) points to the regular tendency for myopic financial behaviour even among sophisticated individuals. Ferguson concludes that neoclassical economics with its strong assumptions on rational behaviour is of limited explanatory value for real behaviour. Most studies on the effects of financial literacy programmes show that households do not act as required by orthodox economists’ models. Even in the presence of reliable information a self-destructive behaviour can be observed. Self-destructive aspects of consumer behaviour in finance matters are not cured by information.

In the first systematic study on the long-term behavioural effects of high school financial curriculum mandates by Bernheim et al. 1997 it is shown that mandates elevate rates at which individuals save and accumulate wealth.

Hirad and Zorn 2001 show that borrowers receiving homeownership counselling have on average a 19% lower 90-day delinquency rate. However, they cannot confirm whether this reduction comes from the counselling itself rather than the selection of borrowers into these programmes.

Recent surveys show that high school seniors in the USA in 2004 know even less about credit cards, retirement funds, insurance and other personal finance basics than they did five years ago. Despite of all the educational efforts the knowledge of high school children has declined.

After a seminar for potential participants in a 401(k) pension plan, 100% of non-members said that they would join the plan after the seminar but half a year later only 14% had done so. In another survey it was found out that 68 out of 100 employees in a US company believed that they were not saving enough. 24 of the 68 mentioned that they would start saving more within three months but only three of the 24 actually did.

18 FSA 2000.
Introduction

In a study of defined contribution plans by James Choi one-third of self-reported under-savers said they intended to increase their saving rate in the next few months but almost none made a change in their 401(k) saving rate.

Thaler and Mulainathan (2000) suggest for instance that the lack of self-discipline of financial consumers necessitates strategies that force savings (automatic enrolment in 401(k) investment plans).24

Madrain and Shea (2001)25 show the difference in participation rates in a 401(k) pension saving scheme for two different groups of new employees in a firm. When people were enrolled automatically unless they deliberately opted out the participation rate was 30% higher than when enrolment required an employee to opt-in.

Asset allocation decisions are influenced by the choices presented: if a financial adviser asks individuals to choose freely between four equity funds and two bond funds, the choice made will be more equity-focused than if two equity funds and four bond funds are on the available list. Too many choices make people avoid a decision. People, faced with twenty products or funds, will be less likely to make a saving decision than if presented with only three choices.26

Thus, there is evidence of procrastination - people are persuaded by information and advice that saving is desirable but delay implementation often indefinitely. Even when people recognise that saving is in their best interest there are barriers that prevent them from doing so. People often prefer the status quo or choose the alternative that requires least decision-making. People who have started to save usually keep saving and people who are not saving usually keep not saving.27

Effectiveness of financial education?

An asset-building programme that is exclusively aiming at the poor is the establishment of Individual Development Accounts (IDAs). The IDAs are the most prominent examples in the financial literacy debate on financial education. They combine financial incentives (subsidies in the form of matching funds upon withdrawal) with the requirement to attend financial education classes have been studied extensively with respect to their impact on financial behaviour.28 Matched uses of IDA withdrawals typically include home ownership, post-secondary education, and microenterprise or job training expenses. Hence, participants accrue matches as they save for goals that are perceived to increase long-term well-being and financial self-sufficiency. Although there are forty states with an IDA policy and about 400 community-based IDA programmes, with 20,000 participants coverage is quite limited.

The focal point of IDAs and their evaluation in the United States is the American Dream Demonstration (ADD). Run by the Corporation for Enterprise Development with private and public funds ADD enrolled 2,400 participants in 14 programmes across the United States since its start in 1997. Approved expenditures are matched at a multiple, typically 2-to-1 or 3-to-1. IDA programmes generally provide at least 10-20 hours of training on topics such as credit repair, budgeting consumption, retirement saving options and investments. Participants receive monthly statements that remind them of their goals.

A cross sectional survey by the ADD came up with a number of interesting results:29

- Participants who said that the economic-education class helped them to save on average saved about 9$ less per month than those who did not find the class helpful.
- The most common strategies for setting money aside for IDA deposits were changes in consumption behaviour. 70% of the poor said they shopped more carefully for food, 68% ate out less. The proponents of IDAs conclude that these findings reveal that participants...
are willing to alter consumption choices for the possibility of improved well-being through asset accumulation. Some participants may be close to subsistence and have high and variable expenses in terms of their income.

- The positive effects reported by most respondents were those related to psychological status. 93% felt more confident about their futures, 84% more economically secure and 85% more in control of their lives because they had IDAs.

- The average monthly net deposit (AMND) - defined as net deposits divided by months of participation - was $19. Median average monthly net deposit was $9.8. On average AMND was 1.6% of monthly income (median: 0.7%).

- A few hours of general financial education increase savings although the effects of additional hours have diminishing returns. On average participants attended twelve hours of general financial education. More than eight hours had no effect.

- Participants did not take full advantage of their match eligibility. The average participant saved 51 cents for every dollar that could be matched.

- IDA seems to be a policy instrument for the working poor (almost 90% of participants worked or were students). Mean monthly household income of participants in ADD was $1,496 and household income was 116% of the family-size-adjusted poverty threshold. Thus, participants seem to represent the upper end of what most low-income persons likely can save. Relatively to all low-income families, the ADD participants studied were better educated and more likely to be employed.

The preliminary findings of research studying the impact of IDAs are discouraging. Even in the context of the supportive institutional structure of IDAs, savings do not increase that much, too little to change the economic trajectory of a poor family. The assets accumulated in IDAs can hardly be believed to make a difference. Furthermore, IDAs reach a relatively small number of people in spite of noticeable policy activity. Even though savings incentives are combined with redistribution its effectiveness remains limited. However, proponents claim what matters is the existence of accumulation.

**Conclusion**

Financial education is a questionable recipe for the poor to come out of poverty. While it is an indispensable prerequisite for the middle and upper class that participates in the stock market to make informed choices the suggestion for low-income households to save more and behave differently reflects rather an ethic suggestion. The recommendation to save more at very low income levels is a suggestion that the people recommending it themselves do not have to practice and might object practicing if they had to do so.


Financial general education
A contribution to debt prevention?

Ulf Groth

Preventive approaches have always existed in debt counselling. At the early stages of debt counselling in Germany, they were often referred to as educational preventive assistance.¹ Their orientation was definitely individual and sanctioning, and they included elements of education and control. For instance, courses for groups of overindebted persons were organised², or numerous leaflets delivering information and warnings were printed.

Today, it is the term debt prevention that has to be appraised critically: is it really essential to prevent debts? Or rather, to refrain from consumption? Is there a need for patronising moral advice on housekeeping (“...I don’t own a VCR, so you, as a debtor, don’t need one either ...”) including supervision and control?

The virtue of saving
It is worth while to take a look at today’s prevention approaches in Germany’s debt counselling services and to analyse their central messages and objectives. The web site of the debt counselling services of Stuttgart³ is a good example: it uses the slogan “free of debt for a free future” to communicate information that specifically addresses young people. Consumption is presented as a new drug (illustrated by a poster designed by youths, which shows a young man who has a pill with the inscription “consumption” on his tongue). Within the text, the terminology used is inconsistent. Under the heading “precaution”, you find the question: “Why is overindebtedness risky?”. The text does not adequately distinguish between the terms “debt” and “overindebtedness”, although these two concepts should not be compared qualitatively in any respect.

Furthermore, saving is presented as a virtue, and one subtitle is “generation now” - obviously hinting that young people always want to satisfy their consumption needs immediately and do not want to take time to save money first.

This web site represents a certain ideology, i.e. a system of specific values and attitudes. Therefore, it is helpful to ask where the concept of prevention actually comes from: its roots are found in medicine on the one hand and in criminology on the other.

The prevention of overindebtedness
The traditional prevention model distinguishes between primary, secondary and eventually, tertiary prevention. In medicine, it aims at improving one’s general state of health and preventing accidents or the development of diseases (primary prevention); early diagnosis (e.g., by means of screening) and treatment at the earliest possible stage, for example, in the context of cancer examinations (secondary prevention); and finally, any measures that prevent relapses, slow down a possible aggravation of chronic diseases or take precaution against impairments caused by already existing diseases (tertiary prevention).

In the field of criminal prevention, typical goals of the three areas of prevention include the following: primary prevention deals with city planning measures (e.g., slum clearance, removal of large hedges to improve sightlines in parks) or control of the access to weapons. Secondary prevention uses technical aids such as drive locks for cars, alarm systems or video surveillance in train stations and banks. Eventu-

² E.g., sparetime education programmes or cooking courses in order to improve housekeeping skills.
³ www.schuldnerberatung-stuttgart.de
ally, tertiary prevention typically focuses on the seizure of drugs, forfeiture of criminal tools and also the provision of shelters for women and therapy services.

In the case of debt counselling, such a classification with regard to the prevention of incurring liabilities cannot realistically be found. Therefore the examples cited show that the term “debt prevention” is not useful to describe what debt counselling services may actually achieve. I would definitely prefer this term to be banned from any general technical terminology - for being an outdated concept.

Instead, I would definitely prefer the general use of the term “prevention of overindebtedness”. This concept clearly focuses on a different objective. Its aim is to prevent the transition from debts to overindebtedness, which, in most cases, follows critical events in life\(^4\), or at least to alleviate the consequences of such a development.

Thus, the use of this term also includes the acceptance of loans. Incurring liabilities is regarded as normative. Without debts, the sale of durable consumer goods would not be possible. As a result, incurring debts stands for investments in the future. Therefore indebtedness has to be regarded as a neutral situation in the first place.

However, the prevention of overindebtedness requires a capability approach: in the context of the prevention activities by debt counselling services, consumers who borrow money should be enabled to manage crises in a competent way and with as little help from outside as possible. In addition measures to prevent structural overindebtedness have to be taken, i.e. external actors should encourage lenders to pursue long-term approaches with regard to their products in order to prevent foreseeable problems. To give a concrete example: loan agreements that are concluded when a loan is approved could include specific provisions that lay down balanced regulations for the event of unemployment, one of the most frequent reasons for the failure to meet loan payments - especially as the majority of lenders base their granting of a loan on the borrower's disposable net income, which in turn comes from earned income in most cases.

**Essential questions regarding the objectives of debt counselling**

What is it actually about? It is necessary in this context to look at the ideology in which one's actions and measures are rooted. Debt prevention and prevention of overindebtedness are two different approaches.

What should be achieved? What are the aims of one's actions and measures? Should the goal be to keep someone away from borrowing altogether, or rather, to practice adequate crisis management in critical situations? Of course, the capability approach outlined above does not mean that basic knowledge about financial services should not be communicated, in the context of practical framework competences (and not exclusive product skills).

What is the message of debt counselling services? Not moral judgements but enhanced competence of persons acting as clients in the financial services markets.

**The financial literacy movement**

The above discussion of the relevant terminology has been necessary before the concept of financial general education can be dealt with, a term introduced by iff\(^5\). In the course of an extensive study trip through the United States, Mr. Udo Reifner, economic law expert and founder of iff, contacted numerous projects and investigated the programme structures of the so-called financial literacy movement. As a result, the term “financial literacy” has not been taken over unchanged in Germany, as it would refer to the teaching of basic financial skills. But this is not the point. Therefore the term was introduced in an adapted form in the technical dis-


\(^5\) iff: Institute for Financial Services, Hamburg.
course in Germany, namely as “financial general education”. Its approach is broader and rather encompasses education in all directions. The financial literacy movement of the United States is definitely supplier-oriented; it rather provides technical knowledge (how to use services and how they work) and generally speaking, it is rather uncritical with regard to the providers of financial services.

In Germany, the approach of financial general education has not yet been taken over by the majority of service providers. Basically, the principle of educational promotion is used to integrate elements of financial general education in the existing institutions of education.

In the United States, fin lit serves as a public relations instrument for suppliers, while Germany rather pursues a problem-oriented approach. Furthermore, in the United States the relevant services strongly focus on Anglo-American minorities, whereas in Germany they address the general population.

Financial literacy approaches

In order to illustrate typical financial literacy approaches, a number of examples from the United States are presented. There is the IDA (Industrial Development Account) Program to promote asset building and saving. The participants, who have to meet strict eligibility criteria, save USD 2000. This amount will then be doubled by banks or government agencies so that there is a strong incentive to stick to the saving plan. These programmes are often combined with obligatory fin lit training classes, and they are typically run by community development financial institutions (CDFI).

These institutions are frequently found in so-called red lining districts, i.e. poor slum areas around which financial service providers have drawn red lines on the city maps to indicate that they will no longer be represented with branch offices in these areas. This exclusion policy accelerates the decay of such neighbourhoods. The CDFI aim to counteract such tendencies.

Brooklyn has a credit union for coloured youths under 18, whose youngest member is three years old. Instructed by adults, children and adolescents work as “bankers” in order to develop a realistic approach to financial service providers and their products. They handle pocket money, earnings from jobs and class banks, and in addition, loans are granted - to a limited extent in a form adequate for children.

What can be learned in this way is best illustrated by a concrete example: “If my class mates want to take out loans, they will only get money to buy presents for their mothers but not for their girlfriends or boyfriends, because these relationships will not last long enough for repayment.” This young banker has clearly realised the principle of matching maturities for loans, i.e., that the repayment period has to be related to the period of use of the good that has been financed through loans.

Financial literacy schemes are also organised as obligatory (compulsory) education units for citizens who have filed for consumer bankruptcy in the United States. A number of these programmes were developed for the Coalition for Consumer Bankruptcy Debtor Education in cooperation with Professor Karen Gross of the New York Law School.

Financial general education in Germany

In Germany, financial general education is understood both as an instrument by which individuals acquire the necessary knowledge, capabilities, insights and attitudes that enable them to manage their life situations with regard to financial services, and as an instrument of emancipation that increases market power, which in turn will have effects on the products of financial service providers.
In this respect, financial general education is fundamentally different from the concept of financial education, which is more strongly oriented towards debt prevention models:

<table>
<thead>
<tr>
<th>Financial education</th>
<th>Financial general education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual level</td>
<td>Social level</td>
</tr>
<tr>
<td>Understanding/managing one's own budget</td>
<td>Debtors are emancipated actors in the economic sphere.</td>
</tr>
<tr>
<td>Change of individual behaviour</td>
<td>Communicating know-how with regard to financial services, interests and actors</td>
</tr>
<tr>
<td>Consumers adjust to the market situation.</td>
<td>Communicating financial performance skills</td>
</tr>
<tr>
<td>What is offered is assumed as an unalterable fact.</td>
<td>Feedback effects on the product market</td>
</tr>
</tbody>
</table>

(Source: iff, Hamburg)

This overview illustrates the point in question: financial general education focuses on a productive use of the products of financial service providers. This, obviously, includes that possible risks are also highlighted. Therefore aspects such as teaching the principle of matching maturities are regarded as more important than knowledge about concrete products, which might soon be outdated when new ones are introduced.

Financial general education tends to be community-oriented. As a result, improper conduct by suppliers might be scandalised collectively, because educated economic actors have acquired and use performance skills. The crisis management competences taught are situation- and product-oriented and structured in a way that enables the participants in actions to be multipliers in their environment.

The time has come to set common goals and to organise joint, transboundary actions also at European level and to find common strategies for the European debt counselling services. We have to cooperate in order to counteract further exclusion from the financial services system. Access to financial services will be a central issue in the future. Both educated consumers and debt counselling services with a stronger European focus may contribute to the goal to obtain access to financial services and to prevent developments towards the American situation.

Finally, I will give an answer to the question asked above: Does financial general education contribute to debt prevention? No, it definitely does not.

But does it contribute to the prevention of overindebtedness? Yes, it definitely does.
No complete and objective analysis exists as to the knowledge of the public at large or a specific category of the public with regard to financial services. The difficulty lies in establishing reliable ways of measuring such knowledge and the diversity of the categories to be taken into consideration from a spatio-temporal and socio-economic point of view.

With regard to the existing means of educating the public in financial services and the dissemination of knowledge in this area there are strong differences in Belgium and the situation seems to be very fragmented and unstructured. For ease of reference, we shall distinguish between information and training initiatives aimed at the public at large and those which are intended for specific target groups.

Information and training for the public at large

Consumer Schools

In 2001, based on experimental projects carried out in Northern France, the Walloon regional government proposed that certain existing welfare services should be recognised as Consumer Schools and, as such, be eligible for a modest grant (€ 1,250 or € 1,850 a year).

These services, either public structures or otherwise, have been set up at the level of a geographical entity (community welfare centres, local social services) or to target a specific category of the public (work insertions, youth centres). These services are not intended to operate as schools in the strict sense of the word and organise courses. Their aim is to programme and organise workshops one or two times a month that are open to the general public, coordinated by a staff member. These workshops are clearly intended to train and inform participants on a precise theme, but that theme is chosen by the participants and the workshops are organised on an interactive basis, with each participant contributing his or her own experiences, questions, doubts, difficulties or success stories.

The aim is to enable participants:
- to consume freely with full knowledge of the facts;
- to know their rights and duties;
- to know which services they should contact;
- to acquire more self-confidence;
- to be able to express themselves and learn;
- to share their knowledge with their families and friends, etc.;
- to participate in the life of their districts or communities;
- to enlarge their network of contacts;
- to solve everyday problems.

The topics are concrete and varied and go beyond the strict framework of financial services: household budget, food and healthy living, energy, advertising, insurance, health care, housing, waste management, means of payment, sales methods, different types of loans, social security and legal assistance, taxation ...

Participants come from groups set up beforehand and people who participate occasionally in these workshops; the workshops are publicised by various means of communication (leaflets, press, “free” press, posters, information circulated to welfare department managers, etc.).

The idea of Consumer Schools is not new: it has already been used for specific philosophical or political groupings (Vie Féminine, Femmes Prévoyantes Socialistes). The originality lies in its concrete implementation outside these circles through official recognition and ad hoc funding.

Reference centres

The Centre for Research and Information for Consumer Organisations makes available not only to consumer organisations, but also to other...
sections of the public (public services, journalists, individual consumers, students etc.) an information centre which covers all aspects of the phenomenon of consumption, from the point of view of various disciplines (law, economy, sociology etc.). It contains 29.000 books, 300 subscriptions to various reviews, 70.000 references to articles published in those reviews, press kits and reports of studies and research carried out by the centre. It publishes a fortnightly bilingual review in French and Dutch. This consumer newsletter contains particular details of new laws and regulations, opinions of consultative bodies (Consumer Affairs Council), feature articles dealing in particular with banking services and lists of interesting books.

The centre provides a forum by inviting interested parties to discuss themes such as:

- the ethical criteria that a financial institution should satisfy in order to be recognised as an ethical organisation or fulfil its citizenship role,
- whether or not the marketing of financial institutions aimed at young people is compatible with the social role that such institutions sometimes claim that they carry out (learning about savings, raising awareness about credit risks),
- the transparency of the pricing practices of certain financial institutions (the elimination of certain charges, announced with a fanfare of publicity, while at the same time introducing new charges),
- practices that are counter to the free choice of consumers and the principle of fair competition (complex or expensive arrangements for closing a current account, the "non-portability" of current account numbers),
- the "depersonalised" approach of financial institutions to their customers (segregation at bank counters of the most vulnerable or marginalised customers),
- the participation of users of financial services in mediation procedures in the framework of disputes between such users and financial institutions concerning these services.

The Action Group against Over-Indebtedness² carries out various general information actions via posters and participation in trade fairs, the coordination of groups set up within trade unions, community welfare centres and hostels, training of social workers in this specific area and the coordination of their action.

The Organisation for the Protection of Consumers in Eastern Belgium³ has created a library available to the public and organises information activities for the public, as well as general and individualised advice services, sometimes in an "edutainment" form: information days, messages broadcast on radio or television and in the press, standard contracts, leaflets (advice on managing the family budget, signing a loan agreement etc.).

The Reference Centre of Hainaut was set up in 2001 and operates with a grant from the Walloon government and is supported by various community welfare centres; it organises various events on money and consumption related themes.

The Observatory of Lending and Debt⁴ publishes:

- Consumption and credit to private individuals - General Report (in French and Dutch):

This report provides a detailed analysis supported by evolving statistical data of trends linked to consumption, credit and indebtedness among private individuals. This report notably allows a comparison of levels of consumption among European households while taking account of the characteristics of the ten new EU Member States.

- Quarterly reports (in French and Dutch) which have notably dealt with the following topics: the indebtedness of households in comparison with the international

³ Le Groupe Action Surendettement - G.A.S. was officially created at the beginning of 2000. It brings together several community welfare centres from the province of Luxembourg and is supported by this province.

⁴ L’A.S.B.L. - Organisation de Protection des Consommateurs de la Belgique orientale, VSZ - Verbraucherschutzzentrale Ostbelgien is a not-for-profit association which was set up on 11 October 1991, and has 29 members - comprising 16 associations and the 9 communal welfare centres of the German-speaking Community of Belgium. The Organisation is a member of the Euro- pean Interregional Institute for Consumer Affairs (I.E.I.C.), which is itself a member of the Council of European Consumption.

⁵ L’A.S.B.L. - L’Observatoire du Crédit et de l’Endettement is a not for-profit association that was set up in 1994 and receives permanent grants from the Walloon government and recurrent grants from the Ministry for the Economic Affairs.
Legal assistance
First level legal assistance consists in providing practical information, legal information or an initial legal opinion or referring the interested person to a specialised organisation. It is free and generally provided by lawyers and organised by the Legal Assistance Commission; this commission provides equal representation of lawyers from the bar council and representatives of the community welfare centres and approved legal assistance centres.

Second level of legal assistance consists in providing a detailed legal opinion or legal assistance in the framework of legal proceedings or otherwise. It is provided by lawyers and organised by the legal aid office set up within each bar council.

The Media
The not-for-profit association Alter operates as a press agency specialising in social and economic information, publishes the fortnightly review “Alter Echos” which reflects developments in the social area both at institutional level as well as in the field and in literature. However, the themes addressed go beyond the strict framework of financial services and also deal with problems of welfare, housing, socio-professional integration, the not-for-profit sector and help for vulnerable (young people) or marginalised (prisoners) social groups.

It also publishes, together with the A.S.B.L., the “Echos du Crédit et de l’Endettement”. This newsletter contains in particular a special report and analysis of specific subjects, legal information and the most recent developments in this field.

The not-for-profit association/ cooperative Test - Achats/Test - Aankoop was set up as a consumer protection organisation in 1957 and now has 260,000 members. It is totally independent of social, economic and political actors, being financed solely by membership fees and funds generated by sales of its various publications. Its team of 300 keeps members informed via various publications, which contain comparative tests of products and services, surveys and studies carried out in the context of its services, and individual legal assistance that it provides to its members: one of its departments answers questions from members by telephone or in writing and undertakes various actions following their complaints.

Its publications include:
- the fortnightly magazine “Budget & Droits/Budget & Recht” (Budget & Rights) which reviews several products and services by providing consumers with legal information, results of surveys, advice and actual experiences and contains jurisprudence summaries;
- the weekly magazine “Budget Hebdo” (Budget Weekly) and the monthly magazine “Fonds & Sicavs” (Mutual Funds) which in particular deals with financial services;
- practical guides (containing, for example, standard contracts and letters).

In addition, it represents consumer interests within several official bodies in Belgium, it may institute...
legal action to obtain an injunction against illegal practices and is a member of various European and extra-European consumer protection associations.

Television broadcasts
Of the various magazines and information programmes aimed at consumers and broadcast in recent years by Radio-Télévision Belge Francophone (RTBF), only the short daily five minute programme called "Questions d’argent", supported by the Banque de la Poste, is still broadcast. Its aim is to address in an easily understandable way current financial problems and to give simple and practical advice. The subjects treated go beyond the strict framework of financial services since the programme has dealt with the Euro and displaying prices, various forms of investment, taxes, insurance, leases and real estate transactions.

The broadcast, however, suffers from the impossibility of dealing with subjects in an in-depth way, based on pain-staking research, involving case studies, and also from the lack of full argument on all sides.

The public Fund for dealing with Over-Indebtedness was established under the law 1998 on the collective settlement of debts, as amended by a law of April 2002. Its application was defined in a Royal Decree of 9 August 2002.

It obtains its resources from annual contributions from credit institutions that have granted mortgage loans or consumer credits. Originally, this fund was intended to pay the balance of the costs and fees of debt mediators appointed in the framework of collective debt settlement procedures, that is to say the balance which the beneficiary of the procedure has been unable to pay.

A programme-law of December 2003 provided that the fund would cover the cost, if applicable, of overindebtedness prevention campaigns intended to inform and raise the awareness of the public on this subject. A Royal Decree of 23 June 2004 stipulated that the amount thus allotted could not exceed 25% of the contributions due by lenders. However, in 2005, because of an increase in applications by debt mediators regarding the payment of their costs and fees, no sums can be allotted to finance such prevention campaigns.

Training of young people and teachers
The socio-economic analysis of the phenomenon of consumption and indebtedness and the legal analysis of the contractual phenomenon are part of the skills to be acquired at secondary general education level (aged 12 to 18) in the framework of certain economics and social courses in schools organised and/or funded by way of grants by the French Community of Belgium.

In the same school, secondary technical and vocational education also includes learning about responsible consumption (how to guarantee a balance between desires, needs and income? How to control the act of purchasing? How to prepare and manage a family budget by making good use of savings and loans?). However, those lessons remain very elementary and little documentation exists. Moreover, teachers do not receive specific training to give such courses. Solutions exist or could be conceived (training and retraining of teachers by specialised trainers, support for teachers from mobile teams of coordinators), if they can be financed.

The situation is identical in the framework of the training of students who are preparing for a career in welfare services (teachers for special needs and social workers), where training is given by non-university colleges of higher education and vocational training colleges.

Training days are organised by the Belgian Bankers Association for teachers from secondary schools that are organised and/or funded by the French and Flemish Communities. Although the themes are chosen by the teachers in collaboration with their inspectors and such training
courses are designed for educational purposes, the fact remains that they are originated by a trade association whose role is to defend the interests of the banking sector and to promote its image.

It is necessary, however, to highlight the actions of the Action Group against Over-Indebtedness (G.A.S.), the Reference Centre of Hainaut and the focus on children and teenagers, both in and outside schools, in the Walloon provinces of Luxembourg and Hainaut, and in the German-speaking Community of Belgium, respectively.\(^9\)

**Other specific target groups**

**Debt Mediation Services**

In simple terms, mediation is an arbitration procedure designed to reach an agreement, reconcile people; the mediator's role is therefore to facilitate the emergence of an agreement between people involved in a dispute and the implementation of this work is defined by mutual agreement between the persons involved; the mediator must demonstrate total impartiality and neutrality with regard to the persons involved.

The debt mediator's role is in fact far more complicated and, alongside a role which involves analysing the debt and negotiating with the creditors of the person who has consulted them, the debt mediator, in the framework of the non-judicial mediation of debt also, if necessary, assumes the task of providing that person with legal or economic information concerning their obligations and rights, as well as providing budgetary guidance. This also involves informing and educating indebted people in areas which encompass financial services.\(^10\)

**Bodies in charge of reintegration into society and lifelong learning**

Various bodies, such as the Atelier d'éducation permanente pour personnes incarcérées - ADEPPI (Workshop for lifelong learning for people in prison), can organise information sessions, concerning in particular financial services.

The observatory of lending and debt (L'A.S.B.L. - L'Observatoire du Crédit et de l'Endettement) is a not-for-profit association that helps to disseminate information concerning consumer law and insolvency procedures by making available to interested parties:

- a database listing the texts of the main laws and regulations, books and articles of doctrine and jurisprudence;
- a directory of credit and the collective settlement of debts in French and Dutch, which lists and comments on the Belgian jurisprudence handed down on credit and related fields during the reference year.

**The information required by law**

Transposing the European directives, satisfying the European legislator's wish to ensure that consumers are correctly informed and protected in a uniform way within the internal market and going beyond mere European requirements, the Belgian legislator has made it compulsory to communicate information:

- in advertisements for products and services offered to consumers and, in particular, for mortgage loans and consumer credit;
- in a brochure which must be made available free of charge to the public with regard to mortgage and consumer credit products;
- before the conclusion of an electronic contract;
- in the clauses which must appear in mortgage and consumer credit contracts.

These obligations are backed by penal, administrative and civil sanctions. The most original of the sanctions falling within the scope of the latter category is the reduction of the amounts that consumers must normally pay pursuant to the contracts that they have signed, in the event of non-compliance with the legal requirements.\(^\)
The importance of financial counselling, alongside debt counselling and debt adjustment, has been accentuated in Finland in recent years. When the debt counselling system was given a statutory framework in 2000, the legislators required that also financial counselling be incorporated into it.

The aim is that the emphasis in counselling could be gradually shifted to preventive financial counselling. All in all, it has been regarded as important to use many different means to prevent debt problems from emerging.

The Consumer Agency is one key actor, because it is responsible for the direction of local financial and debt counselling and because it is entrusted also with many other tasks associated with promoting the financial security of consumers. These tasks involve:

- developing the legal position of the consumer/debtor;
- studies and information associated with promoting price awareness;
- general economic education as a part of the totality of consumer education;
- supporting economic teaching in schools;
- directing and training municipal consumer advisers.

The Consumer Agency has produced economic education material and aids, and these are available to all actors. In addition, we have begun developing economic counselling to be provided specifically within the framework of financial and debt counselling.

A shared matter
Being able to manage one's own finances is one of the essential basic skills that a consumer must have and it is also the key to managing one's own life in a broader sense as well. A lack of basic knowledge and skills causes paralysis in the capacity of a private household to function. This can have extensive social impacts, such as marginalisation, over-indebtedness and exclusion from the labour market.

If the aim is to give households broad support and prevent debt by means of financial counselling, it would be important for various authorities, organisations and key actors in the economic sector, such as banks, to be aware of the possibilities of financial counselling in their own activities and develop it.

Many parties indeed do that, but what is needed is cooperation between them. What is especially needed is to form an overall picture of the totality of financial counselling and material, concrete cooperative projects to save resources as well as networking between different bodies in order to give clients a better service.

Increased social importance
It is, of course, true that various bodies have already been cooperating with each other, but often only on a project. What is new is that in the current Government Programme cooperation and networking have been upgraded to the status of key areas of emphasis.

The Consumer Policy Programme and the Debt Management Programme give the development of financial counselling the systematic character and importance that it earlier lacked.

The consumer's financial security is one of the six points of emphasis in the Consumer Policy Programme and its implementation is being monitored by both a group comprising the permanent secretaries of several ministries and another containing experts representing the main actors. The Debt Management Programme brings together the views of and measures taken by nearly 90 bodies with the aim of

Maija Puomila
Information Director, Finnish Consumer Agency
improving financial management, preventing over-indebtedness and helping those who are already excessively in debt. The goal is that each of the bodies involved will provide its own clients with financial advice when they need it. These are the measures proposed in the programme:

- strengthening the economic expertise of consumers and business practitioners;
- ensuring financing for financial and debt counselling;
- creating an Advisory Committee on Financial Management to coordinate education and counselling in financial matters;
- recommending to municipalities that a system of social credits be adopted nationwide;
- promoting especially the position of young people in financial and debt management;
- improving advisory and support services for small entrepreneurs;
- encouraging voluntary solutions in debt relationships;
- studying the need to regulate the procedure for responsibly sharing liability between creditor and debtor in a debt relationship;
- regulating the final statute-limitation of a debt;
- launching a regular system for monitoring household debt problems.

**New Advisory Committee**
The creation of a new Advisory Committee on Financial Management within the organisational system of the Ministry of Trade and Industry is currently under preparation. Its tasks will be:

1) to promote awareness, education and research in relation to financial management as well as the development of financial counselling;
2) to support and promote cooperation between authorities and other actors in the development of financial management and prevention of over-indebtedness;
3) to ensure the availability of educational and advisory material relating to financial management;
4) to begin planning the contents of a degree in financial management;
5) to promote financial management in society in other comparable ways. Alongside improvement of these general prerequisites, various actors in Finland have either recently implemented or are currently planning several interesting projects relating to financial counselling and education. Here are a few examples:

**Financial coach on television**
Last spring, the national channel TV1 transmitted a 16-part reality-TV-type series in which ordinary people’s financial situations were improved using some fairly brisk moves. The persons chosen to appear on the programmes were young adults and the financial situations dealt with ranged from major distraint due to debt to buying a first dwelling. Personnel from the Consumer Agency acted as experts on the programmes.

**Internet game Galactor**
The world of this game created by the Consumer Agency relates to the lives of young people and a science fiction-flavoured story, in which the player’s main task is to accumulate energy to open the Book of Seven Wisdoms. Energy is obtained by making the right choices, which relate to various consumption decisions and financial management. Galactor was given a honorary mention in the category “Best Consumer Campaign” in the Grand One competition arranged by the digital media sector.

**Calendar for students**
For the second year running, the Consumer Agency has produced, in collaboration with the EU Commission, a calendar with the title “You Buy, You Decide” for pupils of the senior secondary school’s second year course. The calendar contains information on such matters as management of financial affairs, advertising and consumer trade. A separate guide booklet for teachers was also drafted in association with the calendar.
Financial counselling in different life situations
Financial management is put to the test when changes or something unexpected happens in life. In response to the wishes of financial and debt advisers, the Consumer Agency produced a series of six brochures containing a concise compilation of advice and instructions for balancing finances in situations such as when young people move into their first own home, when someone has become unemployed or retired, when a spouse has died or when a divorce is pending.

Trial financial and debt counselling projects
In the past two years, financial and debt counselling units have been experimenting with and developing a variety of ways of providing people with financial counselling. In Espoo, for example, there has been a trial programme to help young people lacking the practical skills and experience to help themselves, a programme in Vantaa has had the aim of helping immigrants, while in Lahti financial counselling has been tailored to the needs of the long-term unemployed. These projects have involved local networking with other authorities and actors.

Information for savers and investors
Growing numbers of ordinary households have begun saving by investing in funds and securities. However, it is difficult to assess risks and compare various products with each other. The web site of the Finnish Financial Supervision Authority now features a reference list containing basic information on financial markets and various products and services. Information on different ways of looking after everyday money matters is also provided on the site: www.raholtustarkastus.fi

Guide project
Financial counselling is associated with the tasks of many occupational groups. The Diaconia Polytechnic has launched a project called Opas (Guide) with the aim of producing an online service geared towards increasing the ability of various experts to handle financial and debt counselling. The service comprises an online guidebook and a discussion forum and there is also an associated course in multidisciplinary approaches to dealing with financial problems. For more information see: www.opas.diak.fi

Survey of ways in which consumers manage their financial affairs
A survey completed by the National Consumer Research Centre in the beginning of the year revealed that consumers only rarely handle their money in accordance with orthodox doctrines. Their way of thinking and acting within a short time frame, routinely and without putting themselves to much bother challenges financial counselling to simplify guidelines and sets of concepts. The consumer needs sample calculations of consumption, information on credit alternatives as well as guidelines on how to avail themselves of competition between insurance, electricity and telephone companies. The results of the survey have been published in the Ministry of Trade and Industry’s publications series.

Provision of social credits and associated financial counselling
Finnish municipalities can provide low-income persons with so-called social credits. The relevant legislation requires that persons who receive these credits are also given financial counselling.

Financial counselling and debt adjustment for young persons being released from prison
A working group at the Criminal Sanctions Agency is currently studying ways of supporting financial management on the part of especially young offenders so as to prevent them from remaining in a spiral of marginalisation after their release.
The Money Advice and Budgeting Service (MABS) was established in Ireland in 1992; 13 years later it has expanded to a network of 52 Services, each an independent company. Each company is fully funded by the Department of Social and Family Affairs (DSFA) and in 2004, the total MABS budget amounted to € 11.4 million.

The Service is underpinned by a number of guiding principles and provides free, confidential, and independent support to individuals experiencing difficulties. Over the life of MABS, some evaluation has taken place, and on foot of one such evaluation, MABS National Development Limited (MABS NDL) was set up in 2004.

MABS NDL was established to support the further development of the Service and to promote standardisation and best practice in money advice, ensuring equal access to a quality Service for clients regardless of location. NDL is staffed by five National Development Officers, three of whom provide Casework Technical Support to Money Advice Staff, one focusing on Communications and Social Policy, with the fifth NDO responsible for the area of Community Education. The appointment of an NDO with this responsibility is indicative of the recognition of education as being core to money advice work.

Literacy in Ireland
In 1997, the OECD conducted an International Adult Literacy Survey, the results of which were quite alarming. The survey found that 25% of Irish adults have difficulties with simple everyday numeracy and literacy tasks, such as adding up a bill, understanding a pay-slip or filling in a building society form (NALA).

The scale of this fact is quite startling and has prompted us to look at our systems and to seek to find more innovative and effective ways of developing this life-skill in our citizens. Financial literacy may be viewed as meaning the basic skills needed to manage everyday finances. It incorporates basic numeracy and reading skills, and has been more formally defined as “the ability to make informed judgements and decisions regarding the use and management of money” (Noctor et al, 1992).

The Regulator
A welcome development in Ireland has been the establishment of the Irish Financial Services Regulatory Authority (IFSRA), who will oversee the operations of the industry. More welcome has been the interest which the Regulator has taken in the area of consumer information and education. Work conducted by the Regulator has yielded the following facts:

• 75% of consumers find written information on financial products too complicated and difficult to understand.
• 63% of consumers do not shop around because they do not fully understand what they should look for in a financial product or service.
• 80% of consumers find it hard to get truly independent information on financial products and services.
• 92% of consumers said they would read more information on financial products if it was written in plain English (Mary O’Dea, IFSRA).

MABS and Financial Literacy
So why is MABS concerned? The target group of MABS includes those living on low income, and are very often people who are already marginalised. Poor levels of financial literacy can add to an individual’s exclusion from mainstream financial services, thereby adding to her/his difficulties.
In the UK, studies have estimated that as many as seven million people may be termed “unbanked”. It could be concluded that similarly high numbers of the Irish population are also without banking facilities. Given the emergence of a cashless society - a society in which electronic funds transfers are becoming more and more common - access to banking is essential. Low levels of financial literacy can therefore lead the MABS client to a position of limited choice in accessing credit and other services, and can therefore only exacerbate their vulnerability. In response to this issue, MABS has embarked on a number of paths.

A National Strategy
Firstly, MABS has for many years been active in the area of Community Education. It has been a founding objective of MABS to develop skills in the target group. The recent appointment of a National Development Officer to support this work is indicative of its importance. MABS is currently working on the development of a National Strategy to guide work in this field, and will seek to promote quality in all aspects. At local level, staff of local MABS offices have been active in delivery of programmes to groups and have developed an array of materials for developing the necessary skills in areas such as household budgeting, consumer credit, borrowing money, and demystifying the terminology used in the financial world.

Secondly, MABS has been co-operating with the Regulator in its work and has been active in making submissions on relevant consultation documents issued by that office. MABS staff at all levels, as well as management committee members, are in contact with the Regulator and creative networks are being formed.

Thirdly, MABS has been working in support of the Financial Literacy Campaign currently underway in Ireland. This campaign is being driven by the National Adult Literacy Agency (NALA) with funding from the Educational Building Society (EBS).

The campaign has two strands - research to identify the barriers and inform a national financial literacy policy and strategy; and to raise awareness through publicity of issues, difficulties and appropriate responses. The campaign has lead to the production of a ‘Plain-English’ guide to financial terms and a financial literacy pack. A Plain English service is available allowing banks to have their literature produced in more accessible language. Literacy awareness training is also available giving banks an opportunity to skill their staff in dealing sensitively with the public.

Research activities
The research into financial literacy is being overseen by a steering group of which MABS is a member. Internationally, a good deal of research has already been done into this topic, most notably in Australia, New Zealand, USA and the UK. Nationally, it seems a good constellation of players with interest in this matter has emerged, creating an environment in which it may just be possible to make some progress.

The research has two aims: to identify ways in which literacy and numeracy difficulties act as a barrier to accessing and understanding financial services, and to make recommendations on how these barriers can be overcome.

The expected outcomes of the research are: greater understanding of the issue in Ireland, identification of possible solutions, and inform a national strategy.

MABS is confident that ways can be found to address this issue and is looking forward to learning from and contributing to the body of European expertise on the matter.
In order to perceive the specific situation of Luxembourg, it seems useful to get familiar with some facts and figures: the total area is 2,586 km², the number of inhabitants is 451,600, with 38% foreign citizens. In April 2005, 9,674 persons were registered as unemployed (the unemployment quota is 4.6%).

In 1993 the centre for combating overindebtedness ("Service National de Lutte contre le Surendettement") was founded.

A few years later, in 1996, according to a cooperation agreement between the Ministry of Family and the two counselling service providers the geographical spheres of competence were fixed and our centre was made competent for the central and northern regions.

In 2001 we received the ministerial admission according to the debt regulation act of 8 December 2000 and were renamed Service d’information et de conseil en matière de surendettement (information and counselling centre for debt affairs).

Fundamental considerations

Before dealing with the promotion of financial literacy, some important questions should be considered:

• What is the definition of financial literacy? Is it a matter of quality or of quantity?
• What does financial literacy comprise? (Bank services, insurance, savings and loan products, tax statements, old age provision, legal regulations for these products)
• How can financial literacy be assessed? (PISA study to survey financial literacy, poll in banks and insurance companies, number of overindebted persons)
• Which groups of society are concerned? (Young or older people, workers or employees, women or men, foreigners or nationals)

While there certainly is more than one answer to each of these questions, experience in the course of the last few years has made it clear that there is a direct relation between financial literacy and overindebtedness.

Support through information and counselling

Because of its restricted means, Service d’information et de conseil en matière de surendettement gives priority to promoting financial literacy in defined target groups. One aspect is information and counselling. Educational work is done during the day-to-day counselling of clients by passing on financial knowledge about the independent, responsible handling of banking services, effective household planning and the prevention of overindebtedness.

The following information material was issued: a folder on how to avoid overindebtedness (Wie vermeide ich Überschuldung?), a handbook on the themes of saving and indebtedness for households (1995); the collection VADEMECUM du surendettement, a comprehensive legal reference work in the field of overindebtedness for those working with overindebted clients (1996); a folder on the misery following a shopping frenzy (Das Elend nach dem Kaufrausch), counselling material on the right way to money loans (1996); the brochure éviter le surendettement aimed at the general avoidance of overindebtedness (1999, updated version 2005); and a brochure for young
people edited by the bank Dexia-Bil entitled Zu viel Taschengeld? (Too much pocket money?, 2003).

Exhibitions and courses
In addition, exhibitions are organised, as in 1994, when an exhibition toured the south, centre and north of the country. Aimed at pupils between 15 and 19 years of age, the exhibition presented themes such as loans, interest rates, credit cards and household budgeting.

Furthermore, lectures and courses for various target groups are held, e.g., further vocational training for unemployed persons (how to draw up household plans in order to avoid overindebtedness) at Centre National de Formation Professionnelle Continue; reintegration into the labour market of unemployed persons with disadvantages in the labour market (life planning and household planning) at Forum pour l’Emploi and Pro-Actif; help for persons addicted to drugs (life planning and household planning) within the framework of Jugend- an Drogenhilfe; and education of soldiers (prevention of overindebtedness among recruits) at Centre militaire de Diekirch.

Our centre also tries to achieve media presence for the subject of debt. Press releases have been published on occasions like the national auto show in January, and interventions on topical issues are made. In the course of a six-week programme on various topics on the radio station 100,7, the members of our centre gave interviews on a number of issues.

Partner organisations
The partner organisations of Service d’information et de conseil en matière de surendettement are:

- Union luxembourgeoise des Consommateurs: general counselling in the field of consumer protection
- Service d’Accompagnement Social: long-term care for socially disadvantaged persons, including support in household planning if required, and administration of financial means according to the act on overindebtedness of 8 December 2000
- Inter-Actions - the school for consumers: an initiative within the framework of the EU Interreg III project with the aim of preventing overindebtedness by means of informing and supporting responsible consumers.

The priority tasks of financial education are

- to enable clients to analyse money matters critically in order to make the most of their - often very limited - income
- to help clients develop a practical attitude towards their individual social and financial life planning
- to prevent overindebtedness
In spite of the dynamic growth of housing loans volumes in recent years the overall indebtedness of households at banks is still considerably lower in Poland than in the countries of the West. Based on the data provided by the Credit Information Bureau, over a million of households have excessive debts at Polish banks. The ratio between the overall indebtedness of households and GDP is also low in Poland, which means that overindebtedness of the population at banks can hardly be stated to exist as a phenomenon in Poland.¹

High interest rates
Loan-related decisions have been taken with greater maturity by the Polish people in recent years. Among other factors, this is due to the fact that housing needs have gradually played a greater role as motives for taking a loan. In Poland interest rates are twice as high on average as the rates in highly developed countries. There are at least three reasons for this: first, the credit price depends on the loan price, which is three times higher than in Western countries. Second, because of the clients’ relatively low credit standing the risk premium is much higher. And third, high credit-prices in Poland benefit from a rather small competition.

However, we can expect that consumer credit interest rates in Poland should decrease significantly in the coming years.

The unofficial loan market
The unofficial loan market in Poland is hard to quantify. However, the analysis of advertisements in the daily press indicates that such a market exists. We assume that provision of funds for second-hand car purchases is likely to be the best developed area of unofficial loans activity in Poland.

A survey conducted by the Central Statistical Office in 2002 covering a representative sample of households shows that 31% of households was in debt as a result of loans. Most often loans from banks, and intra-company loans, were taken so as to pay for durable goods, cover daily household expenses or renovate a flat/house. Loans are used more often by households in cities (33% of the population) than by households in the country (26%).²

Reasons for overindebtedness
A sudden change in the situation of a household (losing a job, illness or death of a family member, divorce) is one of the most frequent reasons for overindebtedness; but also a low or decreasing income, or financial problems connected with running a business. In 2003 for 43% of the Polish households (as compared with 50.7% in 2000) taking a loan was a method used to strengthen the household’s budget in a situation when the existing income was insufficient to cover current expenditure, another study shows. In the surveyed group nearly 4% of respondents said that loan repayment was a problem for them.³

Financial literacy in Poland
The general level of financial literacy in Poland is low. Financial education for the general public operates only to a limited extent and the existing traditional education does not prepare people to solve financial problems in practice.

In comparison with lenders the households are generally much less knowledgeable about financial products and risks connected with loan taking. The marketing campaigns launched by financial institutions present loan-taking procedures as a quick and easy act. The aim of Consumer Credit Aid of

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¹ See M. Penczar, B. Lepczynski PhD, E. Gostomski PhD: Indebtedness of consumers with regard to banks and financial institutions - A report drawn up by the Gdansk Institute for Market Economics, April 2005.
2001 is in to make consumers consider to a greater extent whether they can actually fulfil the financial obligations arising from loans. In this respect the banks have the duty to quote to consumers real loan interest rates calculated on the basis a mathematical formula that is the same for all financial institutions.

Financial education in state school curricula
At lower secondary school level, such education is offered (optional; one hour a week during one school year) so as to enable the pupils to take active part in the economy. They learn, for example, how to manage one’s own money.

At upper secondary school level pupils learn the ABC of running a business, one hour a week during one school year. The lessons include the subjects “households” (income and expenditure, investing one’s own money, safeguarding consumer rights) and “money and banks” (central bank, commercial banks, banking and non-banking financial services, inflation. Pupils draw up a budget for their households and are taught how to assess profitability of a business venture in the context of expenditure and revenue, profit and risk. They learn to calculate financial results of a business based on simple examples.

Poland: Background

Salaries/wages in 2004:
Average pay in enterprises was PLN 2,439/ca. EUR 620 (a 0,8% growth in real terms in comparison with the value for 2003)

Poverty in 2004:
Extreme poverty (below social minimum): 12%
Cities: 8%; towns up to 20,000 inhabitants: 12%; Villages: 18,5%
In the Amsterdam Treaty (1997), the concept of consumer education was brought into the Treaty of the European Community for the first time. Article 153 states that the Community shall contribute to the furtherance of consumers’ rights to information and education. The Commission aim, according to the Action plan, to collaborate with national, regional and local organisations to promote the exchange of relevant models and methods, and to integrate consumer education at the diverse school systems in the member states. This is a very important decision, since the best opportunity to convey basic knowledge about consumer issues to all citizens is probably through the compulsory schools.

Re-evaluation of school law

In Sweden, like most other countries, the school system consists of the nine-grade compulsory school from age six to age 15/16, and different kinds of voluntarily schools like gymnasiums (close to 100% of all students from compulsory school continues into the gymnasium level), vocational education, universities, adult education etc.

A thorough re-evaluation of the Swedish school law, resulting in a profound change was put into practice in 1989. After this year, the system of government-decided and detailed rules and regulations valid for all compulsory schools throughout the whole nation was abandoned for the benefit of government-set goals and result-orientated directives only. An important facet of this change is that the decision-power and freedom of local municipalities and schools regarding their own activities, such as the curriculum, have largely increased. At the local school level, this means that the initiative for planning the content and the methodology for the different school subjects, to a great extent, is a matter for the principle and teachers. Actually, the Government and the Ministry of Education no longer have the right to prescribe or recommend neither the content nor the methodology in the curriculum.

The principal part of consumer education in Swedish compulsory schools is taught in the subject “Hem- och konsumentkunskap” (domestic -and consumer knowledge). This subject is by far the smallest subject in compulsory school - 118 hours in comparison to a total of 6.665 hours for all subjects taken together. Also, it is important to notify that the actual content of “Hem- och konsumentkunskap” is divided into at least eight sub-subjects: health and hygiene, environmental issues, the traffic environment, men and women’s equal rights, sex and relationships, consumer issues, smoking, alcohol and drugs.

Researches show deficiencies

In a survey carried out by Klingander and Edström (1995/97), only 5% of the teachers in “Hem- och konsumentkunskap” at grade 7-9 reported that they had a main focus on household/private economy in their teaching, as compared to 90% of the teachers reporting that household/private economy was a very minor part of their teaching. The majority of the teachers in this survey reported that there was a big lack of resources for the proper education of household/private economy in compulsory schools. For example, the amount of literature and reference material is scarce. Also, the result of the survey concludes that the issue of household/private economy has been clearly down-sized in the total curriculum, in comparison with the earlier nation-wide regulation plans for compulsory schools.
Despite these considerations, the governmental goal and result-orientated directives for the subject “Hem- och konsumentkunskap” state: “that by the end of grade five, students when considering their own home, should be able to compare prices and be able to differentiate between information and advertising”. At the end of grade nine, “students should be familiar with the basics of consumer rights” (SOU 2000:29, p. 294).

In a recent retrospective study, encompassing 1,682 ninth-grade students from 37 schools in Sweden, a high percentage (about 75%) of the students consider themselves as “conscious and caring consumers”, as a result of the education in household/private economy in compulsory school. However, the authors conclude that it is problematic that 20-30% of the students at grade nine are not able to evaluate or judge vital economical factors in their own lives as consumers (Cullbrand and Pettersson, 2005).

At present, there is an ongoing evaluation of the compulsory school in Sweden, carried out by the Government through Skolverket, in cooperation with other NGOs for example the Swedish Consumer Agency. This evaluation might result in a stronger emphasis on household and private economic issues in the curriculum.

References:
On 1 January 2005, the Ministry of Labour, Social Affairs, Family and Health of Rhineland-Palatinate initiated a training project for young people under the name of finanziell fit (fit in finance), co-financed by norisbank AG, Nuremberg. This project is aimed at overindebtedness prevention within the framework of education measures for young recipients of unemployment benefits.

Apart from being responsible for planning the project, the debt counselling centre Schuldnerfachberatungszentrum at Johannes Gutenberg University of Mainz participates by carrying out training courses for young unemployed persons, by training multipliers such as social instructors in education and training institutions and via an ongoing conceptual exchange with the debt counselling services active in prevention.

Basics of the project
finanziell fit is a secondary prevention measure against overindebtedness directed at young unemployed persons under 25, which reacts to the fact that unemployment is one of the main causes of overindebtedness and that early detection of problematic developments helps to find new perspectives. The secondary prevention aspect of the project is targeted not only at economic and social stability, but also at the promotion of individual planning competence and the ability to manage life-challenging situations of crisis.

The project relates to the following levels of competence: economic planning competence, financial literacy, and crisis management competence. Finally the three module levels are brought together in the course of a future-oriented workshop and the competence that has been gained is consolidated.

Module 1: Developing economic planning competence
1. My life plan
   Targets: to form a working group, to reduce inhibitions and barriers, to create an awareness for the theme of the module.
2. Aims in life and consumer role
   Targets: to reflect on consumption desires, to create a critical awareness of one’s role as a consumer, to promote economic planning competence and to improve knowledge on household and budget planning.
3. Financial needs and control competence
   Targets: to give information about (further) education and training demand and supply, economic perspectives and social aspects of self-employment, how to read and understand pay slips.
4. Old age provision
   Targets: to give information about the advantages and disadvantages of various old age provision schemes, to develop household planning competence, to consolidate the learning progress and the knowledge gained in the preceding training sessions.

Module 2: Financial literacy
1. Bank accounts and beyond
   Targets: to create an awareness for the theme of the module, to present information on account management, if applicable: to form a working group, to reduce inhibitions, blocks and barriers.
2. Saving and investing money
   Targets: to give general information on savings and investment strategies.
3. Loans
   Targets: to give general information on loans and related advantages and disadvantages.
4. Insurance
Targets: to give general information on insurance, risk coverage through adequate insurance.

Module 3: Developing individual crisis management competence

1. Ups and downs
Targets: to create an awareness for the theme of the module, crises in life, their dangers and how to protect oneself, if applicable: to form a working group, to reduce inhibitions, blocks and barriers.

2. In case of emergency
Targets: to give basic information on default action and execution against property, tasks and services of professional counselling centres, crisis management and how to avoid debts.

3. Help and support
Targets: to encourage the participants to make use of the services of debt counselling centres, to inform them about the causes and effects of overindebtedness.

4. New perspectives
Targets: to reflect critically on one's own view of debts and overindebtedness, to summarise the knowledge gained in the previous modules and to link up the acquired competence in an attitude of critical consumer awareness.

Module 4: A workshop for the future
Targets: to apply the knowledge and competence acquired in the previous training modules, to reflect on one's individual needs, one's attitude as a consumer and one's individual planning for the future, finding individual ways of increasing one's income and lowering one's expenses, to promote the ability of entering into a dialogue with others.

Framework conditions of the project
The project is designed for a period of one year. After the theoretical framework has been tested in training practice (during the first three project months), we intend to make a preliminary evaluation of the project and adapt it accordingly. The next step is to start with the training of multipliers.

The two project staff are employed for working hours capacities of 0.5 and 0.75 compared to the full time equivalent. In addition, a minor share of administration tasks will be included in project financing. An external, independent evaluation of the project has been designed to obtain an assessment in line with scientific standards. This is done also to satisfy the demands raised above all by the Ministry in charge that the essence of the project be sustainable even after conclusion of the project period.

The first question to answer is how the training measures can be continued by education and training institutions and debt counselling services in the years to come. Already it has become obvious that without additional staff in the institutions concerned, the continuation of the project will only be possible in a reduced manner - with regard to both quantity and quality.

As to norisbank, who are supporting the project as a sponsor, it will be vital to communicate the findings gained in the training units on the (lack of?) suitability of the offers of finance service providers with a view to the customer-oriented development of financial service products.
The prevention network for financial competence (Präventionsnetzwerk Finanzkompetenz) was founded in November 2004 with the aim of connecting the relevant actors in this field of society via a comprehensive permanent network of assured quality.

The present members of the Prevention Network for Financial Competence are either debt counsellors (21 members), scientists (11 members), or affiliates of other associations or fields of work (9 members, e.g. from Institut für Finanzdienstleistungen (IFF, Institute for Financial Services); Deutsche Gesellschaft für Hauswirtschaft (dgh, German Home Economics Association); Deutscher Hausfrauenbund (German Housewives Federation); Bundesarbeitsgemeinschaft Kinder- und Jugendschutz (Federal Working Group for the Protection of Children and Young People). 4 members come from other German speaking countries (Austria: Bregenz, Linz; Switzerland: Basle; and Italy: Bolzano). 5 private persons have also registered as members.

This Network calls for new initiatives in economic education and counselling, consumer information and consumer protection in order to counteract possible threats to the individual economic situation of consumers. The fight against the risks of impoverishment requires closer cooperation of the social actors with responsibilities in the fields of economic education and counselling, consumer protection, general education and consumer policy. The support and collaboration of the providers of services, especially financial services, is also urgently needed.

Those who wish to become members have to register with the Network and accept the preamble.

In March 2005 the General Assembly established a steering committee and 6 working groups focusing on the following themes:
1. Basic principles
2. Analysis of the two Poverty and Wealth Reports of the Federal Government
3. Structural prevention
4. Networking
5. Debt prevention in practice
6. Teaching financial competence in schools and adult education

Currently an internet platform is under preparation. It will be accessible via: www.praeventionsnetzwerk-finanzkompetenz.de

There are plans to publish a newsletter. Members are requested to pass on topical information to the working group on Networking.

Within the framework of a project commissioned by the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) a website has been drawn up with the aim of improving the financial competence of young consumers as a contribution to preventing debts as early as possible. Here teachers are given educational instruction and set modules for class work in the secondary level I of schools of general education and secondary level II of schools of vocational education. www.unterrichtshilfe-finanzkompetenz.de

The website www.kursbuch-schuldenpraevention.de gives an overview of current activities and projects on debt counselling.
The pilot project on financial education from July to December 2005 is mostly financed by the Association for Promotion of Financial Education (SKEF). The main project goal is improving financial literacy of inhabitants of the region Gdynia who face exclusion due to overindebtedness. Supportive goals were building a partnership in order to cope with overindebtedness and making specialist debt-repayment advisory services more available.

**Partnership**
The project is carried by four partner-organisations, and other NGOs willing to cooperate: The leading partner is SKEF, responsible for specialist debt-repayment advisory services. The Municipal Commissioner for Consumers is responsible for preventive activity among consumers concerning loan and credit services. The Municipal Social Support Centre (MOPS) is responsible for diagnosing clients' needs for debt-repayment advice, as well as the Caritas of Gdansk Archdiocese.

In the conditions existing in Poland a partnership created with NGOs (SKEF, Caritas etc.) with participation of public institutions seem to be the best method of cooperation, and ensures effective use of available funds and organisational measures.

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**Action plan**
- SKEF has prepared questionnaires identifying needs concerning preventive activity and advice for consumers, and also information packages about financial literacy.
- In July a training for staff participating in the project will take place.
- The Commissioner for Consumers, within his/her scope of operation, will provide financial advice at a basic level. In more complicated matters clients will be directed to an advisory centre (specialist advisory services) run by SKEF.
- MOPS and Caritas, after having ascertained that debt is one of the main reasons for the exclusion threat, will direct the persons with excessive debts to SKEF. SKEF consultants will diagnose the situation and on that basis will try to draw up a debt repayment plan.
- At the end of the pilot project SKEF will organise a summary conference together with a workshop session so as to review the effects and discuss typical situations which occurred in the target group.
Het Nationaal Instituut voor Budgetvoorlichting (Dutch National Institute for Information on Consumer Budgets, NIBUD) in Utrecht is an independent foundation that gives information on household finance.

NIBUD aims not only at consumers, but also at professionals whose policy it is to inform and/or advise households on their budget. We initiate research, we do research ourselves and we analyse research data from other parties. All this is done because of the information function of our organisation.

Our two main aims are:
• to increase consumer welfare
• to prevent overindebtedness

We do this by teaching consumers how to get a grip on their finances, thus enabling them to take decisions and make choices that have implications for their budget. And we do this by increasing the expertise of the professionals.

NIBUD’s impact is large. In 2004 our websites were consulted more than two million times (we have 16 million inhabitants, that means 6.4 million households). Besides that, we help a substantial group of assistants, advisers, executives and policy makers with information and reference figures in the household budget area.

NIBUD information is also a daily issue in the media: newspapers, radio, television, periodicals, journals.

What distinguishes us from other organisations? What do we do that others don’t?

An important value added of NIBUD is that we are seen as a neutral expert centre: independent of government, firms or interest groups. What is equally important is that NIBUD has knowledge and an overview of as well as contact to the whole chain: from consumers to policy makers.

Besides this, the following characteristics (and the combination of them) make us unique:
• expertise in consumer budgeting,
• knowledge about spending patterns of various household groups,
• the ability to translate laws and regulations (about household finance) to group- and individual situations,
• the ability to translate it to simple language and various information vehicles.

We are not a state-subsidised organisation. The state finances 15% of our projects. The banks pay the same amount. The rest (70%) we earn ourselves: by selling books and software, by giving courses to professionals, by advising (on the base of studies and calculations) local governments, unions, political parties etc.

Developments in society
The Netherlands are known as a welfare state. But more and more individuals are expected to make their own choices, to take decisions themselves and to solve their own problems. This is not always easy, especially when the emphasis in society is more and more strongly put on different phases in life with the corresponding specific decisions. Jobs and relationships give less security than in former days.
In the area of household finance this means that financial planning becomes more important: its necessity starts at an early age and goes on for a longer time, even till after retirement.

The increasing number of financial products hasn’t made the choices easier either. Social security is not so secure anymore and tax advantages come and go. Awareness and timing are more crucial than ever. More freedom of choice also means more choices. These must be made in the right way and need good guidance.

Old structures are partly replaced by new ones. More two-earner households have appeared. Especially this group will be confronted with a “family dip” in income: when one of the spouses works less to care for the children, income decreases, while costs increase.

Vulnerable target groups
Apart from these general guidance needs, some vulnerable target groups need extra attention. The group of retired persons is increasing. It is expected that their purchasing power will be decreasing more and more after retirement. It is already a fact that the number of senior citizens with debts in the Netherlands is increasing. This group needs extra guidance in their money management. Another group we worry about are young people. One out of six people looking for professional debt help is younger than 25. From our own researches we learned that youths aged between 12 and 18 have a tendency to spend more money than they really have (NIBUD Scholieren Onderzoek 2004/2005).

A third group that needs special attention is minority ethnic groups. At least 10% of the population of the Netherlands is from non-Western minority ethnic groups. Recently we repeated our 1995-96 study of minority households. A distinction was made between Turks, Moroccans and Surinamese/Antilleans, the three largest minority groups in the Netherlands. One significant difference to the first study is that a reference group of Dutch households was added, making it easier to compare native Dutch and minority households. The aim of the study was to obtain a clearer picture of spending patterns, saving and borrowing behaviour, information needs and financial management. It emerged that it is the variables concerning income and number of children (household composition) that explain differences in spending patterns between minority and native Dutch groups, rather than a given group's cultural background. (Incomes, spending patterns and financial management among minority ethnic groups, NIBUD, January 2004).

And that brings us to a fourth vulnerable group: low income households with children. A lot of the minority households belong to this group. NIBUD found out that households with children with a guaranteed minimum income hardly have enough money for their basic needs, especially when they do not know how to obtain extra financial aid from, for example, local governments.

Improving financial literacy
In my opinion financial literacy consists of the following aspects:

- knowledge of financial rights and duties;
- knowledge of (the risks and consequences of) financial products;
- the ability to hold a grip on your own financial situation, knowing how to keep within your own budget.

NIBUD gives information about all these aspects, but our main focus is on the last one: helping people how to get a grip on their finances. Being in full command of one’s own financial situation is a perfect way to prevent financial worries or even overindebtedness.
Recently we investigated the relation between a decline of income (for example, because of losing ones job or a divorce) and happiness. It showed that having less money doesn’t have a large effect on happiness as long as people are in control of their own (financial) situation. (Less money, less happy?, NIBUD, November 2004).

How do we reach consumers? Our most important channels are our websites and the mass media. The websites are being used by active searchers for budget information. The mass media are perfect to reach the passive households.

We use the results of our researches, studies and surveys as input for press releases. We always relate the results with practical solutions: very often our own products and services.

Products and services

Websites

www.nibud.nl

Given all the general information we have to offer, also with a lot of factual information and interactive tools. It is divided in 3 sub sites: consumers, professionals and press. It also has an online shop. Number of daily visitors: 3.000-4.000.

www.jeugd-en-geld.nl

(youth-and-money) is specially made for high school students (12-18 years). It gives information on pocket money and clothing allowances, about jobs and, for instance, on the advantages and disadvantages of saving or borrowing money. With interactive tests and games we try to make the youth aware of the risks of overindebtedness. Number of daily visitors: 2.000-3.000.

www.zelfjeschuldenregelen.nl

(be your own debt helper). This is our newest website, we introduced it in May. It already has 1.500 daily visitors. This site is meant to be preventive. It is not meant for people who are already in big money trouble, but for those who can still make deals with their creditors. It includes examples for letters and also an online calculator to see how much money you have available for your monthly repayments.

Basic materials

Our basic materials are tools to help consumers to get a grip on their finances: a basic book about how to keep your short-term budget; a simple house-keeping account book; a housekeeping account computer programme; and an agenda full of tips and with a mini house-keeping account. We’re working on a long term financial planning computer programme (social security, fiscal policy, retirement schemes, investing etc.)

Money guides and other books

We have different money guides, books of about fifty pages about a single subject. There is one for parents of children up to 12 and one for parents of high-school students. The books give information on the costs of and grants for children. But it also includes advice regarding financial education. A most important type of educational advice we give concerns proper use of pocket money, clothing allowances and (when children start working) board agreements.

There is also a money guide for students or parents of students with information on the cost of studying and study grant regulations, and another one for young people who
start living on their own. Both guides include advice for proper money management. Two other guides give information on alimony and co-parenting. Our latest money guide is specially made for elderly people who want to stay independent.

We also have information books on starting your own firm, preparing for retirement and about how to combine labour with care.

Teaching material and methods
We developed a lot of methods and teaching material about money managing for different target groups. For adult education we have methods for different education levels, even for mentally handicapped people.

Until recently we didn’t have much teaching material for children. In our opinion parents are primarily responsible for the financial education of their children. But it’s not so easy for parents nowadays. Think of all the temptations of our society, of the influence of advertisements, of the brand sensitivity of children. In our studies we saw the tendency that children seem to spend more money than they have. So we concluded that parents might need some help from the schools. That is why we started developing teaching aids for all high school students.

We now have material for one lesson: a newspaper about pocket money, called Zakgeldkrant. In November 2004 we introduced a complete teaching package, called In & Out which can be used in lower vocational education. It consists of teaching suggestions and glossies about money (including a horoscope) for the pupils. Material for intermediate vocational education will follow soon.

This summer we will introduce De Geldkoffer (the money trunk), teaching material for pupils of the primary education (10 to 12-year old).

We have developed special methods for professionals and we organise courses about how they can coach their clients in (better) money management.

Material for professionals
Budgethandboek is a handbook full of current information and data about income and spending patterns for various groups.

Rekenprogramma’s is a computer programme consisting of modules to make gross-net calculations of various financial matters: example budgets, claims to various subsidies, alimony and debt settling schedules.
Prijzengids (price guide) gives prices of articles that low income households may obtain from local communities via social security.

Achievements and results
What are the results of our work? I must admit that I can’t give facts and figures of our achievements. We just don’t know how many households were prevented from overindebtedness by our methods, books, courses, materials, website information etc.

But we can measure the demand for our products and services and that demand is growing. And we can see that the number of our website visitors is increasing each month. At this moment 10,000 daily visitors isn’t exceptional.

In addition to this a growing group of administrators, social workers, teachers, decision makers, politicians, research workers, journalists and other professionals are approaching us for advice, information or reference figures in the household budget area. Enough reason for us to continue our work.
Austria has about eight million inhabitants, about 1.4 million of them living in Upper Austria. General information on “Improving Financial Literacy as a Way to Prevent Overindebtedness” was abundant at the conference, so here are some selected examples from Upper Austria.

Debt counselling in Upper Austria
With the much heeded event Bevor der Kuckuck ruft, Vorbeugung von Schuldenproblemen (Before the cuckoo calls, prevention of debt-problems) in 1996 our focused prevention-work started. In 1998 a separate organisation as an affiliate of Schuldnerberatung Oberösterreich (Debt counselling centre Upper Austria) was established: KLARTEXT (meaning: plain language) is exclusively working on prevention. With its three employees (two staff-units with forty hours a week each) KLARTEXT today is the biggest prevention organisation in Austria. The KLARTEXT team consists of: Julia Kisch, 20 hours, administration; Thomas Mader, 30 hours, specialist for prevention, director; Hannes Schnur, 30 hours, specialist for prevention. For more details see: www.klar-text.at.

Besides Schuldnerberatung Oberösterreich there is another Debt counselling centre in Upper Austria: the Verein für prophylaktische Sozialarbeit / schuldner-hilfe (Association for prophylactic social work / debtors-help) develops professional prophylactic services (one staff-unit). For more details see: www.schuldner-hilfe.at.

KLARTEXT
The Services of KLARTEXT are mostly free and financed by the Government of Upper Austria (Social Department, Provincial Councillor Mr. Josef Ackerl). For several products like the Schuldenkoffer (Debt Suitcase) or bigger projects for trainees, a contribution to costs is asked.

In the year 2004 KLARTEXT organised 37 events. With 846 participants. In line with the focus of KLARTEXT’s work, its central themes were money and consumption (for example: buying a car, leisure time and money, mobile phones as debt traps, advertisements, clothing and branded articles, in and out, pocket money,...). The target groups were pupils in elementary schools and older children, teenagers, parents and multipliers. In school the focus was on project lessons (8 to 12 units). Also the demand for lectures for parents and multipliers continues to rise.

Debt Suitcase
The Schuldenkoffer (Debt Suitcase) is our most extensive collection of materials for multipliers on the issue of handling of money and consumption. The original Schuldenkoffer was a 15 kg aluminium box, which was lent freely or sold. The project Schuldenkoffer was developed together with Verein Schuldnerhilfe Essen e. V. (Germany) in the context of an EU project and concerning its materials - it was completed in 2000. The demand was unbroken.

In 2003 the Debt Suitcase’s contents were again reviewed and from now on only offered as CD ROM (Schuldenkoffer compact), costing € 25,- (see also: http://www.klar-text.at/shop/index.html). Cooperation has been arranged with Aktion Jugendschutz Bayern (Bavaria), so the CD ROM is offered in Germany too. An updated Schuldenkoffer compact will be released in 2006.

Hungarian consumer advice centres want to utilize our know-how in prevention for their country and use Schuldenkoffer in an adapted form. KLARTEXT grasped this opportunity:
a corresponding proposal was presented to the Hungarian authorities, but no decision on supporting the issue has been taken so far. Moreover, the members of KLARTEXT/Schuldnerberatung Oberösterreich will bring in their know-how and report on their experience at congresses in Hungary.

**Comic series**
In our comic series by Kurier illustrator Michael Pammesberger (Kurier is one of the biggest daily newspapers in Austria) you learn all about money - everything you’ve always wanted to or should know about it.

The humorous approach always raises a smile. The comic strips Vom richtigen Umgang mit Geld (on correct handling of money) are especially designed for use in classes, but also grown-ups first look at the Comics at book desks. Meanwhile a second edition is available.

Because of the great success of this tool, we are working on a trendy new edition. The pictures are going to learn to run (comic generator, greeting cards, short comic movies).

**www.klartext.at**
Most of our materials can be downloaded from our website, the projects there are currently revised. Some products are also available in the online-shop - a field we want to enforce in the future. Especially for the website, calculators on mobile phone costs and smoking costs have been developed and programmed. They show our users how much money they spend every day, every week, every month and every year for smoking and using mobile phones. This amount is compared with their working time: in this way you see how long you have to work to finance your “vice”.

**Mobile phone campaign**
Eine hohe Handyrechnung ist out. Verlieben ist in (Huge mobile phone bills are out. Falling in love is in) - that was the hook for a wide and comparatively expensive info campaign for young people on the issue of mobile phones as debt traps. The campaign was initiated by the Government of Upper Austria in summer 2005 and the Government invested €100.000,-. The debt counselling centres were integrated in the early preparations, but it was implemented by a marketing company.

The campaign’s main item is the website: [www.das-zahlt.at](http://www.das-zahlt.at). The domain name has been chosen following the youths linguistic usage: Das zählt! (That's what counts, meaning: that is precious). An essential part of the total cost is invested in the promotion of the webpage. In autumn 2005, when school starts, the project will be advertised massively again.

Unfortunately the advisory service centres for debtors haven’t been integrated in the content-related realisation of the project. In our opinion, the information content could be substantially increased.
In Tyrol the debt counselling centre drafted a plan in 2003, according to which school materials for teachers should be developed and distributed, with the aim to promote financial literacy and the prevention of debt problems.

The Provincial Government unanimously decided to implement the plan step-by-step and in 2004 they first provided €30,000 for working with young people. With this money the projected school materials could be compiled and tested in the course of the year.

Unfortunately the same government cut the budget of the Schuldnerberatung Tirol in 2005 (there is a lack of €50,000), so the distribution of the materials in schools by way of teacher-seminars couldn't even be started.

To implement the plan, we have to search for new investors. Intensified project presentations at banks are in progress - with variable success. Plenty of time might pass until this programme will work all over Tyrol - if ever.

The work on prevention meanwhile stays again barehanded in front of misleading advertisement. There is demand of course - as our statistics show. The figures on our clients according to age say that 11% of overindebted clients are 25 or younger. They have entered the debt-spiral immediately after legal age.

All school-materials are available at: www.sbtirol.at ("Jugend")

**Good Practices**

Debt counselling centres in Austria try to teach young people financial behaviour. However, they are facing huge advertising budgets for lenders, who boost young people's consumer behaviour.

**Thomas Pachl**
Managing Director of Schuldnerberatung Tirol (Debt counselling centre Tyrol)
Austria

More good practices

“Trapper Johann” in Vorarlberg

The Chamber of Labour and the IfS - debt counselling association cooperatively launched a new and extraordinary information campaign that focused on the hot issues of debt through overdraft, credits, guarantee, leasing or mobile phone. The heart of the campaign was a figure called Trapper Johann. It is his job to warn young people of debt-traps by means of theatre-plays in pedestrian zones. Doing so the taboo issue of debt should be addressed casually - without being disabusing and moralising. Trapper Johann showed up in pedestrian zones from May to August, at markets and in recreation centres, but also in schools and in factories with trainees, where he performed a specifically developed action theatre on the topic of young people and debt. Furthermore the educative campaign SELBERSCHULDen (a wordplay with “debt” and “your own fault”) was started. In addition to Trapper Johann info postcards, booklets, advertisements, a website (www.selberschulden.at), radio features, a contest and the big farewell party at “Poolbar” in Feldkirch were used to raise attention. Ongoing Trapper Johann-projects are a touring exhibition and courses for further training of teachers.

Finance scouts (peer education) in Lower Austria

The training of finance scouts is different to previous prevention programmes of the Schuldnerberatung Niederösterreich (debt counselling centre Lower Austria): It comprises 12 to 16 lessons and is concentrated on only four participants. It also is the first peer education on finance provision in Austria. Participants pass through an eight-step programme covering the issues consumption from a psychological point of view, mobile phone, banking and financing a car. For example, advantages and disadvantages of a financial lease or good preparation for a talk about credits with a bank are discussed in this context. Main objectives of the training are also housekeeping with one’s own money and a good self-assessment during financing a costly purchase.

Because of the small number of participants an intensive and lasting work on the issues is possible. Thus, not just financial information is given, but general financial knowledge is built up. This is supported by a finance scout folder, which is worked through together. The target of the training of finance scouts is that they pass their expert knowledge on to peers. Also the planning of events and projects is part of the education, so the scouts can act independently and make money an ongoing subject of discussion in their social environment. The programme therefore is an important contribution to get the issues of money and debt out of the taboo-area. For more information see: www.sbnoe.at
The association Verein für prophylaktische Sozialarbeit / schuldnerhilfe (prophylactic social work / debtors-help) develops professional preventive services in its department of debt prevention in Linz, Upper Austria. Debt prevention is based on three pillars: information leaflets, education, and culture and media projects. New information leaflets produced in 2005 are Mein Autoratgeber (car-guide for young people); Haushalt & Geld (household & money - the euro-budget), Thema Schulden (the topic of debt - answers to important questions), Taschengeld & Co (pocketmoney & co. - information for parents and legal guardians). Workshops were held for young people to strengthen their financial competence and to give parents a better idea how to support their children in becoming independent personalities, the education expert and author Peter Struck has been invited to give a lecture in November. Bankrott, a photo exhibition on bankruptcy, that was first presented in 2003, is currently on tour through city offices, regional courts and schools. In cooperation with the Newspaper Oberösterreichische Nachrichten a series of articles on topics such as living costs, cars, bank-account and signing contracts were published in the weekend supplements in summer 2005. For more information (in German) see: www.schuldner-hilfe.at

In the project NO BUDGET the Schulnerberatung Steiermark (debt counselling centre Styria) offers young people quick and non-bureaucratic support in the case of debts. The target group is young people less than 20 years old, who already have their own incomes! This group should be sensitised for the topic of money and debts. The project is financed by the Styrian Regional Governments Department of Social Affairs and its head Kurt Flecker.

The use of the terms money and debts are rather no-noes for youngsters. This project picks up the target group in their language and in their environment (idiosyncrasy). Since the end of June the NO BUDGET Tour has been rolling through the whole of
Meaningful preventive work with young people from the age of 15 to 18 is a more complex task than the work with younger children and has to meet much higher expectations by the target group. On the one hand it needs to be based on strengthening young people's self esteem and to support them in recognising and resisting external manipulation; on the other hand students have to be made acquainted with background knowledge and various theoretical and practical aspects of the issue, which is best done via the method of project work.

The Mit-mir-nicht-2-package that was developed and is being distributed by the Carinthian debt counselling centre aims to encourage teachers to include debt and consumers issues in their teaching programmes. In addition to the material, which is ready for practical use, they are also offered personal support in planning and realising educational projects around these issues.

The material
The material available is rich regarding both its content the methodical approach and was developed following three different phases of work.

1. A kind of script including guidelines and background information to be used by the prevention worker of the debt counselling centre Carinthia, who as a coordinator (or "headmaster" - according to the wishes of the schools) initiates and supervises educational projects on debt and consumer issues.

2. A teachers’ manual which enables teachers to use the provided material within the framework of their general teaching and to realise projects on debt and consumerism without external support.

3. A special handout for students in the form of a well-designed information folder to be used as a reminder and a tool to recognise challenges and find creative solutions for financial problems.

Mit mir nicht! - Not with me!
Useful educative material from Carinthia

Styria. The old black VW bus (year of construction: 1966!) meets the youngsters where they meet each other: at parties at the end of school, concerts, sport events, swimming pools, etc. Professionals and trained young people go on tour together and distribute T-shirts, frisbees and post cards with NO BUDGET tips. The FM4 radio heroes Stermann and Grissemann are the bad guys in black of the campaign. At www.no-budget.at young people can find information on money and debts AND the next meeting points with the NO-BUDGET bus.
# Improving financial literacy as a way to prevent overindebtedness

## What needs to be done!

### On a general level

- Financial literacy projects need to be developed and evaluated with regard to their impact on the prevention of overindebtedness.
- Public authorities need to be reminded of their responsibility and the necessity to provide the resources needed for good quality financial education programmes.
- Education - including financial education - must not be privatised but re-confirmed as a public responsibility. Financial literacy needs to be integrated in school curricula all over Europe.
- Enabling people to make their own - responsible - decisions must be seen as the general aim of Financial Literacy projects.

### On the level of debt counselling associations

- The integration and development of preventive work into the agenda of debt counselling associations need to be further strengthened.

### On the level of financial literacy programmes and projects

- Objectives and standards of good practice for financial literacy programmes need to be defined.
- There is a need to broaden the target groups and include people of all ages.
- Cooperation partners have to be well selected; clear conditions for cooperation projects have to be established.
- Financial independence need to be strengthened by drawing on various sources including making money through selling of material and expertise.
- Information material need to be developed in greater variety. It must not be internet based only and be targeted at both special groups and the general public.
- Financial literacy projects need to be established in a way that provides a learning experience for both the consumers and the trainers, making sure that creative approaches are included and all used methods are dialogue based.
- An international website that directly addresses young people should be established in several languages.

### On the level of networking and lobbying

- The development - or improvement - of national networking on financial literacy needs to be pushed.
- International cooperation need to be strengthened and should include the exchange of projects and material as well as joined lobbying activities.
- Lobbying activities should include the search for European resources to finance activities in this area, including research and international educational projects.
- A European platform of exchange of information and the development of further strategies needs to be established as a part of the CDN network.
European Networking - Strengthening the Consumer Debt Net CDN

Improving communication
In order to improve communication within the network a CDN e-group has been established under the address: consumerdebtnet@yahoogroups.com
Participation in this e-group is highly recommended and easy. To subscribe, interested persons just have to send a blank e-mail to: consumerdebtnet-subscribe@yahoogroups.com

Annual meetings
A routine of annual network meetings needs to be (re-)established. Doing so the network’s structure should become more transparent and it has to be decided who will represent whom, especially if there are various organisations from one country

Projects and conferences
Projects and conferences organised by the various networks should be taken as opportunities to combine them with network activities.
Members should keep each other informed via the established e-group.

Financial education &
Better access to adequate financial services

Preventing and tackling overindebtedness through financial education and a better - and more informed - access to financial services for people experiencing poverty and social inclusion.
A European project supported by the EUROPEAN COMMISSION, Employment and Social Affairs DB, Community Action Programme to Combat Social Exclusion 2002-2006

Objectives:
To develop and exchange best practice models and new strategies to improve the access to financial services for people experiencing poverty and social exclusion - and especially overindebted people - through
a) better (access to) financial education for people experiencing poverty and social exclusion.
b) adequate financial services.

Activities:
Within the framework of this project two conferences on Better Access to Adequate Financial Services (Poland, Feb 06), Financial Education (Belgium, Sept. 06) as well as a final Conference (March 07) bringing together the relevant actors in the field, will be organised; two booklets (one on financial education and one on access to adequate financial services) with the main results of the project (including the strategy papers developed) will be published in English, French and German.

Project Partners:
• ASB Schuldnerberatungen GmbH, Austria
• Institut für Grundlagen- und Programmforschung, GP Forschungsgruppe, Germany
• Association for Promotion of Financial Education - SKEF, Poland
• Observatoire du Crédit et de l' Endettement, Belgium
Beside this relevant actors from different countries will be invited to participate in the conferences.

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