

PROCEEDINGS OF  
THE CONFERENCE 2024



Observatoire  
du Crédit et  
de l'Endettement

# 30 YEARS OF THE OBSERVATOIRE

FOCUS ON THE FIGHT AGAINST  
OVER-INDEBTEDNESS IN EUROPE



[Video: "30 years of the Observatoire"](#)

[Click on this link to view the conference program](#)

CONFERENCE OF THE OBSERVATOIRE DU CREDIT ET DE L'ENDETTEMENT  
(21<sup>st</sup> November, 2024, BRUSSELS)

Speakers of the day

**Peter Daniel**

Member of ECDN

**Elisa Dehon**

Observatoire du Crédit et de l'Endettement

**Joeri Eijzenbach**

NVVK

**Michel Forges**

Faber inter Légal

**Caroline Jeanmart**

Observatoire du Crédit et de l'Endettement

**Vincent Magnée**

National Bank of Belgium

Observatoire du Crédit et de l'Endettement

**Luca Rizzitano**

I Diritti del Debitore

**Hélène Tanguy**

Banque de France

**Sabine Thibaut**

Observatoire du Crédit et de l'Endettement

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## INTRODUCTORY SPEECH : 30 YEARS OF THE OBSERVATOIRE



*Caroline JEANMART*  
*Director of the Observatoire du Crédit et*  
*de l'Endettement*

*Vincent MAGNÉE*  
*Director of the National Bank of Belgium*  
*and President of the Observatoire du*  
*Crédit et de l'Endettement*

Welcome to all!

We are delighted to welcome you once again to the Bank's auditorium.

We're used to annual conferences, but this one is special because it's the 30th anniversary of the non-profit association.

*Celebrating 30 years!*

For 30 years, the Observatory has studied over-indebtedness, prevented financial difficulties for citizens, trained professionals in the sector and been available to public authorities to evaluate and guide public policies.

The Observatory is an objective and independent scientific institution. It is neither a consumer defence group nor an umbrella organisation representing a sector. It does not engage in lobbying as such. The Observatory is a centre of expertise, research, training, prevention, evaluation and information at the regional, federal and European level.

To get the day off to a good start, we invite you to imagine yourself 30 years back in time, for those of you who were born then, and for the others, to immerse yourself in an era you've never experienced. [Let's go back to 1994!](#)

The Observatory is also its founders: Didier Gilson, Etienne Jacques, Robert Geurts and Thierry Knoops. Robert Geurts is still a director of the association and was one of the

drafters of the law on credit and collective debt settlement. I would like to pay tribute to him today. This conference has been organised in part thanks to a donation from the non-profit organisation "Droits et marché", which he managed along with Eric Balate and Pierre Dejemeppe. Our sincere thanks to them.

The Observatory stands for strong values. To name just a few: expertise, outreach, multidisciplinary, multisectoriality, openness and dialogue with all stakeholders, objectivity and balance in the positions we take, the creation of links between stakeholders who are not used to working together, critical thinking and popularisation.

It is also, and above all, an association at the service of society as a whole, in all its facets. The team is in daily contact with the public through legal consultations and prevention activities.

### *A rich and diverse network*

The Observatory is a network of funders (including the Walloon Region, the European Social Fund and the King Baudouin Foundation) and partners from all sectors:

- **The over-indebtedness sector:** SAM, the Brussels debt mediation support centre, the Walloon debt mediation reference centres, the CAWs, etc.
- **The credit sector:** traditional lenders, in particular the Union professionnelle du Crédit and Febelfin, as well as social lenders, in particular Credal and the Société wallonne du crédit social.
- **Creditors from all sectors** (energy, telecommunications, healthcare, etc.)
- **Consumer protection players:** ABREOC, Tests Achats, VSZ, etc.
- **The debt collection sector,** in particular the Belgian Association of Debt Collection Companies and the National Chamber of Judicial Officers
- **Those involved in the fight against poverty,** in particular the Interfederal Service for Combating Poverty, the Belgian Anti-Poverty Network, regional anti-poverty networks, etc.
- **The social sector,** in particular the Economic, Social and Environmental Council of Wallonia, the federations of CPAS, the federation of "restos du cœur", the federation of social services, etc.
- **The socio-professional integration sector,** particularly in Wallonia the Forem, the régies de quartier, the CPAS, etc.
- **Justice,** in particular the Royal Union of Justices of the Peace and Police, the Labour Courts and Tribunals, the OVB, the OBF, etc.
- **The gaming sector,** in particular the Gaming Commission
- **The various government departments, in particular the** FPS Economy, the FPS Justice, the FPS Home Affairs and Social Action...
- **Publishing houses** such as Politéia, Kluwer, Larcier...

- **The research sector**, in particular the Federal Planning Bureau, IWEPS, Statbel, CEBUD, etc.

The Observatory has developed partnerships at the local, regional and federal level, as well as at the European level with the European Consumer Debt Network (ECDN), of which the Observatory is a founding member.

### *A look at different experiences in Europe*

Let's return to 2024 and this anniversary day for the Observatory.

30 years is an opportunity to look back on the past, but it's also, and above all, an opportunity to anchor ourselves in the present and look to the future.

On this occasion, we felt it was essential to open up the perspective and look at a number of European countries. Especially as the Observatory joined ECDN again this year.

The aim is to understand other models for dealing with over-indebtedness, to investigate them and, why not, to draw inspiration from them. This is a unique opportunity for us to bring together experts, researchers, politicians and professionals from the sector to share knowledge and explore the latest advances beyond our borders.

This conference, with its European focus, is also timely in view of the forthcoming transposition of the new European Consumer Credit Directive (CCD).

Article 36 of this directive requires each Member State to set up independent debt counselling services, our equivalent of debt mediation services.

These services exist in several European countries, sometimes with a long tradition, sometimes with a more recent history. This conference could serve as inspiration for those wishing to develop and create mechanisms for dealing with over-indebtedness within the framework of the DCC2.

### *Guests of the day*

Today we welcome representatives from 4 countries. In brief, why these choices?

The **Netherlands and France** were first of all invited as neighbouring countries. It's important to get to know your neighbours. Especially as each of them has developed a very different model for dealing with over-indebtedness.

Firstly, the **Netherlands**, where an amicable procedure is offered by the municipalities and where social banks play an important role. Joeri Eijzenbach will speak on their behalf.

Then there's **France**, where over-indebtedness is dealt with by the Central Bank and where debt write-offs are granted in 44% of cases. H el ene Tanguy will tell us more.

**Italy** offers a wide range of assistance to people who are over-indebted, but there is a lack of coordination by the State. It also has 5 legal procedures for dealing with over-indebtedness. Luca Rizzitano will explain them to us.

Finally, **Slovakia** has recently implemented a free assistance policy for citizens, offering multidisciplinary support in a single location (social, economic, legal and psychological). Peter Daniel will outline the specific features of this approach.

Each presentation will follow a common thread.

Firstly, an identity map of the country will be presented, including a number of socio-economic indicators.

The speakers will then address 4 themes:

- Theme 1 - Monitoring over-indebtedness: is there official national data that can be used to monitor over-indebtedness in each country? What are the recent trends?
- Theme 2 - Dealing with over-indebtedness: what aid does each country offer to help people with over-indebtedness? How do they work? Who implements them?
- Theme 3: Financing services for the over-indebted: Are the services that "deal with" over-indebtedness financed by the State? If not, how are they funded? Is funding sufficient to provide accessible, high-quality services?
- Theme 4: Future reforms, what could be improved: what are the current debates/discussions in each country concerning help for over-indebted people, are there any future reforms? What are the gaps and areas for improvement to make help for over-indebted people more accessible and effective?

Finally, the day will end with an exchange of views between speakers to discuss the realities faced by each of them.

Caroline Jeanmart will conclude our proceedings, which will be followed by a drinks reception to which you are cordially invited.

We would like to take this opportunity to thank all the participants in this symposium, and in particular the speakers, who will be giving us the benefit of their many insights

into the various aspects of the theme that brings us together today, as well as the whole team at the Observatory, who have spared no effort in preparing this conference.

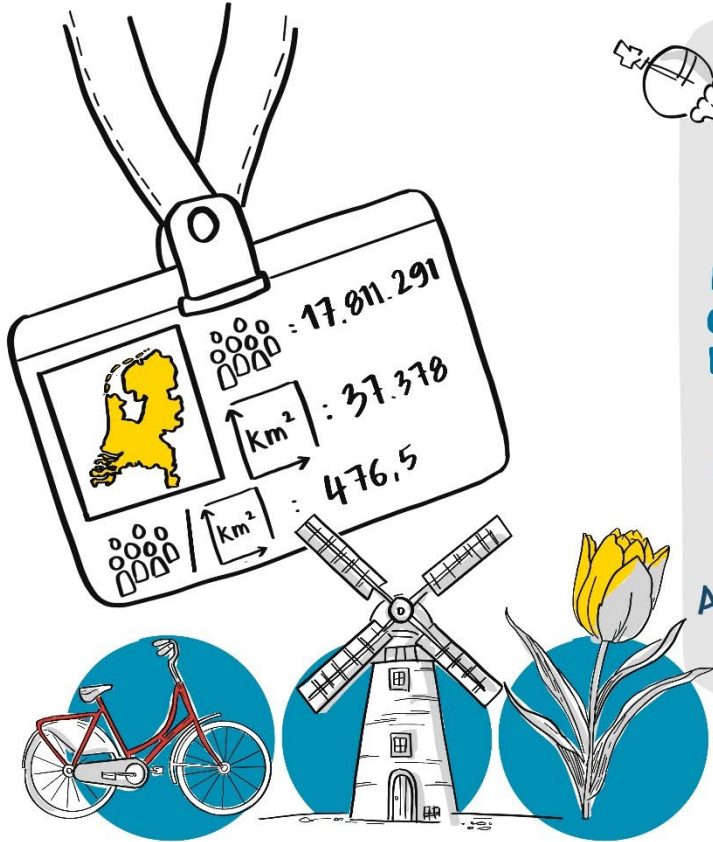
We are honoured to welcome Michel Forges as moderator of this conference







# PAYS - BAS - NEDERLAND - NETHERLANDS



MONARCHIE  
CONSTITUTIONNELLE  
ET PARLEMENTAIRE

CONSTITUTIONELE  
EN PARLEMENTAIRE  
MONARCHIE

CONSTITUTIONAL  
AND PARLIAMENTARY  
MONARCHY



# PAYS - BAS - NEDERLAND - NETHERLANDS

INDICATEURS de RICHESSE  
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ECONOMISCHE  
RIJKDOM INDICATOREN

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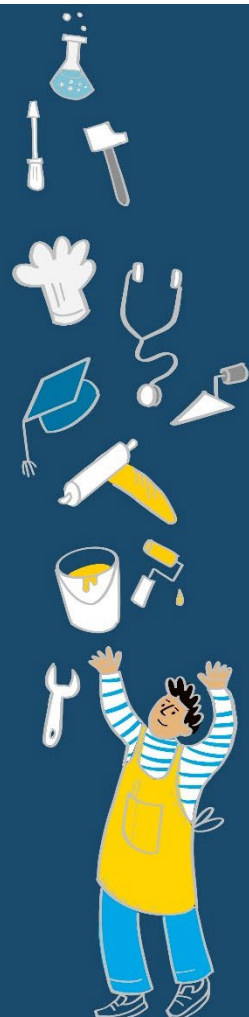


# PAYS - BAS - NEDERLAND - NETHERLANDS

INDICATEURS du MARCHÉ de L'EMPLOI

WERKGELEGENHEIDS-MARKT INDICATOREN

LABOR MARKET INDICATORS



TAUX D'EMPLOI  
WERKGELEGENHEIDSPERCENTAGE  
EMPLOYMENT RATE



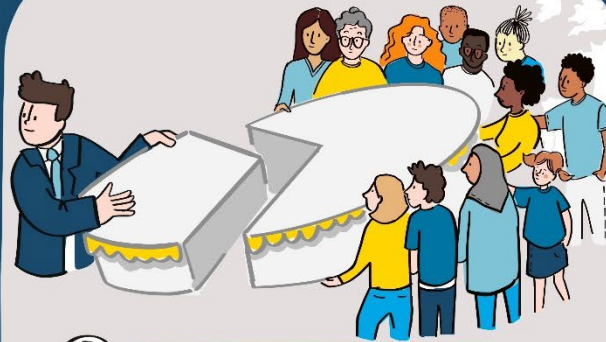
TAUX de CHÔMAGE  
WERKLOOSHEIDSPERCENTAGE  
UNEEMPLOYMENT RATE

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INDICATEURS d'INÉGALITÉ des REVENUS

INKOMENS-ONGELIJKHEIDSINDICATOREN

INCOME INEQUALITY INDICATORS



REVENU DISPONIBLE ÉQ. MÉDIAN  
 MEDIAAN BESCHIKBAAR EQ. INKOMEN  
 MEDIAN EQ. DISPOSABLE INCOME



COEFFICIENT de Gini (0 → 100)  
 Gini - COEFFICIENT (0 → 100)  
 Gini COEFFICIENT (0 → 100)

# PAYS-BAS - NEDERLAND - NETHERLANDS

INDICATEURS de  
PAUVRETÉ

ARMOEDE  
INDICATOREN

POVERTY  
INDICATORS



POPULATION À RISQUE de PAUVRETÉ et d'EXCLUSION SOCIALE  
BEVOLKING MET RISICO OP ARMOEDE en SOCIALE UITSLUITING  
POPULATION AT RISK OF POVERTY AND SOCIAL EXCLUSION

## OVER-INDEBTEDNESS IN THE NETHERLANDS



Joeri EIJZENBACH  
NVVK

[Link to the PowerPoint presentation](#)

### Executive summary

In this presentation, Joeri Eijzenbach introduces the NVVK. Using figures and the system of debt relief in the Netherlands, he looks ahead at the task to come.

### The Netherlands in figures

In 30 years, the number of households with problematic debt has increased by a factor of three. It now concerns more than 720,000 households, almost 9 per cent of the population.<sup>1</sup> Since 2015, the number had hovered around 8 per cent of households for a long time, but since 2021 the percentage has been rising again.<sup>2</sup>

There is a connection here with the corona pandemic, which especially caused problems for small entrepreneurs. After the covid pandemic, the Dutch Tax Administration waited a long time before it started collecting overdue tax contributions from small entrepreneurs again. Once it started doing so, the number of households with problematic debts immediately rose.

Debt relief in the Netherlands has an 'amicable' and a 'court-ordered' variant. The influx into both routes has been declining in recent years. The number of cases in the court-

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<sup>1</sup> van Dam, R., Desain, L., & Custers, A. (2024). *Financiële dienstverlening; toen, nu en straks*. (3.0 ed.) Hogeschool van Amsterdam, Lectoraat Armoede Interventies. <https://www.kennisbundel.nl/kennisbank/artikel/financiele-dienstverlening-toen-nu-en-straks/>

<sup>2</sup> [Schuldenproblematiek in beeld | CBS | CBS](#)

ordered route has fallen to 2,200 a year (now rising slightly again, in fact). The amicable debt assistance receives about 85,000 applications annually.

Municipalities have an average outreach of about 2–8% among the potential group of those seeking help.<sup>3</sup> On average, it takes five years for people to register for debt assistance.<sup>4</sup> They then have over 36,000 euros of debt on average; for entrepreneurs, this amount is over 72,000 euros.<sup>5</sup>

## Early warning

In recent years, the main focus has been on reaching people with financial concerns earlier. This is to prevent small debts from becoming problematic debts. Therefore, since 2021, it is mandatory for various creditors (health insurers, housing associations, utility companies) to send a signal of 'non-payment' to the municipality. The municipality is required to actively offer help to residents, for instance by making home visits. On average, about 4 signals per 1,000 residents per month are sent to municipalities.

Help acceptance in this so-called 'early signalling' is limited (7% in 2023), but the number of people who have accepted help is increasing. In 2023, help acceptance was 11% higher than in 2022.<sup>6</sup>

## Solving debts in the Netherlands

After people accept an offer of help, there are two types of voluntary debt relief. Both schemes are complementary to each other and, with exceptions, the intention is to first try to reach an amicable settlement before moving to legal means.

- Amicable debt assistance falls under the Municipal Debt Assistance Act (*Wet gemeentelijke schuldhulpverlening* or 'Wgs'), and is referred to as Msnp (*minnelijke schuldregeling natuurlijke personen* - amicable debt settlement natural persons)
- Court-ordered debt restructuring falls under the Natural Persons Debt Rescheduling Act (*Wet schuldsanering natuurlijke personen* or Wsnp).

Both pathways consist of an 18-month repayment period. During these months, income above a social minimum is remitted in favour of creditors. The remaining debt is then cancelled. To enable this, the debt is formally converted into a 'non-recoverable claim'. In the amicable route, counselling is part of the process. Counselling lasts as long as necessary, but is kept as short as possible.

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<sup>3</sup> Parliament letter dated 16 November 2023 basic service for debt relief [file \(overheid.nl\)](#)

<sup>4</sup> [Gemeenten moeten meer doen om burgers met dreigende schulden te bereiken | National Ombudsman](#)

<sup>5</sup> NVVK annual report 2023

<sup>6</sup> [Divosa Monitor Early-Signalling Debt - Annual Report 2023 | Divosa](#)



The amount that can be offered to creditors is often pre-financed by municipal credit banks. This is called a 'rehabilitation credit'. The credit bank offers a social credit to the resident and pays off debts on the resident's behalf with the creditor.

At present, some 15,000 amicable settlements and some 2,200 court-ordered settlements are concluded annually. The majority of debt solutions therefore take place without court intervention.

The rules for the amicable process are not in the Municipal Debt Assistance Act but have been shaped by the NVVK in consultation with social workers and creditors. These rules are used in over 90% of the 342 municipalities. The NVVK uses audits to check whether implementing organisations adhere to the rules as agreed in the NVVK Code of Conduct. The basis for the audit is the NVVK Quality Framework. For components on which no agreements have been made (access to assistance, counselling, aftercare and outreach) we unfortunately see large local differences.

When amicable debt relief does not result in an agreement with creditors, the court can impose a compulsory settlement on reluctant creditors. Simultaneously with the application for a compulsory settlement, an application for admission to legal debt restructuring under the Wsnp can also be filed. If the compulsory settlement then fails, admission to the Wsnp is an option.

Both procedures (Msnp and Wsnp) result in a debt-free future. In the Msnp, the settlement only applies to the creditors included in the agreement. After the court-ordered route, the debts remain as a natural obligation, but the 'clean slate' applies to all creditors, even if they are not involved in the proceedings.

## **Financing debt relief**

A policy study recently showed that debt costs Dutch society 8.5 billion annually.<sup>7</sup> Municipalities receive over 200 million a year from central government to provide debt assistance.<sup>8</sup> Under the Municipal Debt Assistance Act (Wgs), municipalities have the task of offering comprehensive debt assistance including aftercare to residents. Municipalities receive money for this from a general state allowance.

Municipalities are free to spend this money as they see fit. Local capabilities, political will and national government financial policies mean that there are significant differences between municipalities in the implementation of debt relief.

Assistance is often offered for free and therefore low-threshold due to funding from the national government. This prevents companies from making money from people

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<sup>7</sup> Panteia, De maatschappelijke kosten van schuldenproblematiek, June 2024 <https://open.overheid.nl/documenten/da9c2e26-6d1e-4768-ab5a-63c2d847bbab/file>

<sup>8</sup> 199 million in 2022

with financial problems. Certain groups of professionals are exempt from this.<sup>9</sup> Debt assistance in exchange for payment is rare in practice, but is allowed in exceptional cases.

These include lawyers, bailiffs, accountants and administrators. In addition, municipalities, credit banks and parties working on behalf and for the account of municipalities are also allowed to carry out debt mediation.

Debt relief funding has improved in recent years. At the same time, the overall funding of municipalities is under pressure. As a result, it is not known whether the money released in the national allowance for debt assistance at the local level is actually being spent on it.

Additional spending on local debt relief in 30 major cities nationwide has not yet resulted in fewer people with problematic debts.<sup>10</sup> However, it has been demonstrated that investing in debt assistance has a high social return. Every euro spent on debt assistance generates two euros in social return.<sup>11</sup>

## Future challenges

Within debt relief, we debate a lot about 'livelihood security'. By this we mean that it should be possible to meet all your living expenses with a paid job. Unfortunately, not every job in the Netherlands pays enough to achieve this. The debt relief worker sees himself as a problem solver for the fact that this is not properly aligned.

In addition, the image we have of people in debt is changing: from people who do not 'want' to pay to people who 'cannot' pay. This change is partly due to a scandal surrounding the Dutch Tax Administration. That service falsely accused thousands of Dutch people of fraud. Harsh and ruthless action was taken by the government when people were automatically classified as fraudsters according to the (computer systems of the) Tax Administration. The court later ruled that thousands of people were unjustly harmed.

This has put pressure on public trust in government. Thus, calls for a 'responsive government' have emerged. This includes more consideration for citizens, a right to be allowed to err and the right to rectify procedural errors without dire consequences.<sup>12</sup>

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<sup>9</sup> Sections 47 and 48 Consumer Credit Act

<sup>10</sup> <https://pointer.kro-ncrv.nl/grote-gemeenten-geven-steeds-meer-geld-uit-aan-schuldhelp-maar-aantal-mensen-met-schulden-stijgt>

<sup>11</sup> NVVK 90 jaar, Meetbaar en Merkbaar [1a.-NVVK-90-jaar-Meetbare-en-merkbare-waarde-van-financiele-hulpverlening-2022.pdf \(purpose.nl\)](#)

<sup>12</sup> [\(Wettelijk\) 'vergisrecht' voor de burger? | Stimulansz](#)

Furthermore, there is a great need to simplify the social security system. This is now complex, uncertain and varies widely at the local level. Partly because of this, 20-30% of income support measures are not used.

In a response to the abuses, the Netherlands is now working on proactive service delivery. This is aimed at the government relieving citizens of administrative burdens. This can be done, for example, by collecting all data already known to the authorities during the intake for debt assistance, so that a person seeking assistance needs to provide less information at that time.

It is a laudable aspiration, but it is at odds with people's privacy. It recalls the collective trauma of the benefits scandal where the government used data sets not to unburden but rather to collect effectively and heartlessly.

Currently, the responsibility for a complete case still lies too much in the hands of the citizen. It takes time to compile. It is therefore positive that the central government is discussing the initiative of a national Pause Button. When a resident activates it (personally or together with a social worker), the collection temporarily stops. This Pause Button is now under development.

This initiative follows long-standing policies in which the responsibility rested mainly with the aid applicant. The government assumed the role here as a 'distrustful organisation'. This requires a culture change among implementers.

Over the past two years, the duration of the rehabilitation period has already been reduced from 36 to 18 months. Also, for some time now, relief applicants have been given a higher amount to live on monthly. To this end, the NVVK has adjusted its work instructions for members. The conversation on the shop floor will start with this.

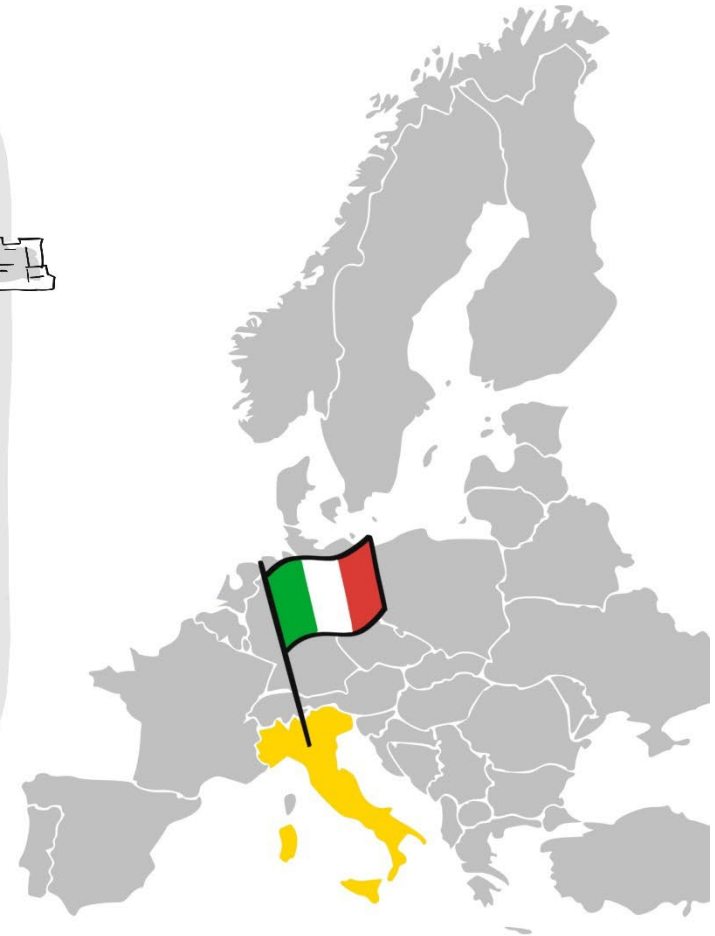
To improve debt assistance in the Netherlands and make it more effective and unambiguous, we signed administrative agreements on Basic Service Debt Assistance in early 2024. In these, we made agreements with municipalities on improving local debt assistance. Better access to and exchange of data is an important part of this, as is better registration of local data on use.



# ITALIE - ITALIË - ITALY



RÉPUBLIQUE  
PARLEMENTAIRE  
PARLEMENTAIRE  
REPUBLIEK  
PARLIAMENTARY  
REPUBLIC



# ITALIE - ITALIË - ITALY

INDICATEURS de RICHESSE  
ÉCONOMIQUE

ECONOMISCHE  
RIJKDOM INDICATOREN

ECONOMIC WEALTH  
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PIB (MILLION €)  
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PIB/HABITANT (€)  
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WERKGELEGENHEIDS-MARKT INDICATOREN

LABOR MARKET INDICATORS



TAUX D'EMPLOI  
WERKGELEGENHEIDSPERCENTAGE  
EMPLOYMENT RATE



TAUX de CHÔMAGE  
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UNEEMPLOYMENT RATE

# ITALIE - ITALIË - ITALY

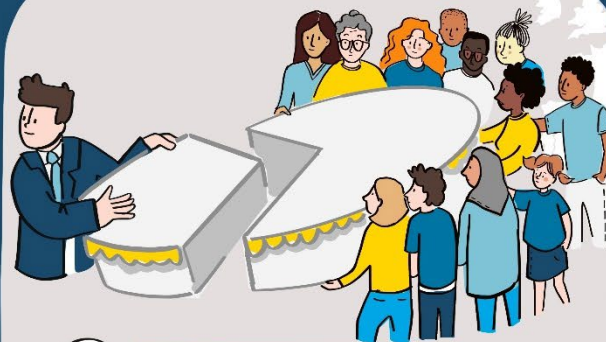
INDICATEURS d'INÉGALITÉ  
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COEFFICIENT de Gini (0 → 100)  
Gini - COËFFICIËNT (0 → 100)  
GINI COEFFICIENT (0 → 100)





# ITALIE - ITALIË - ITALY

INDICATEURS de  
PAUVRETÉ

ARMOEDE  
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POVERTY  
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POPULATION À RISQUE de PAUVRETÉ et d'EXCLUSION SOCIALE  
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## OVER-INDEBTEDNESS IN ITALY



*Luca RIZZITANO  
I Diritti del Debitore*

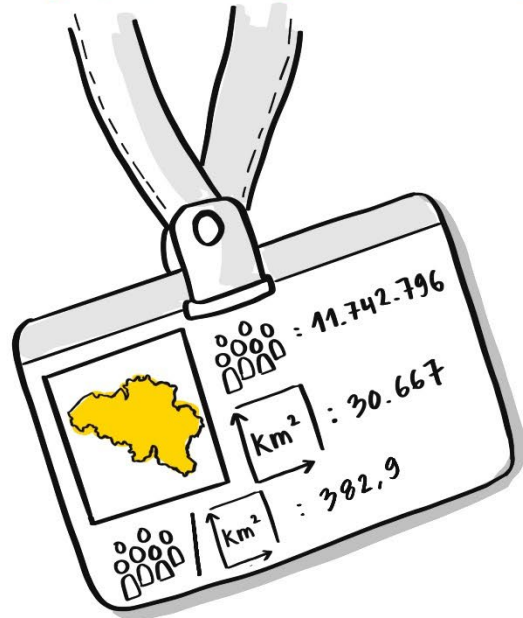
[Link to the Powerpoint presentation](#)

### **Executive Summary**

- Over-indebtedness: first definition
- Relative and absolute poverty
- Private debt and fiscal debt
- The appeals for the definition of over-indebtedness crisis (statistical monitoring)
- The new code of business crisis and insolvency: definition and categories
- Judicial help and solutions : legal institutions and professionalism
- The role of crisis composition bodies and crisis manager
- Procedure's steps and costs
- Reforms to come and projects : the educational social welfare counseling centers



# BELGIQUE - BELGIË - BELGIUM

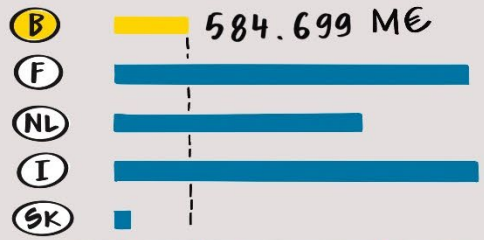


# BELGIQUE - BELGIË - BELGIUM

INDICATEURS de RICHESSE ECONOMIQUE

ECONOMISCHE RIJKDOM INDICATOREN

ECONOMIC WEALTH INDICATORS



PIB (MILLION €)  
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 GDP (MILLION €)



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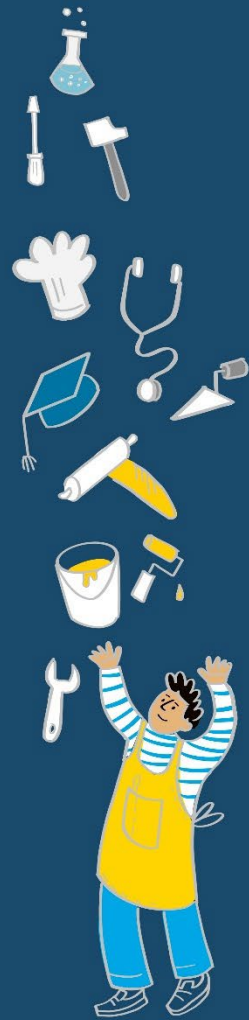


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WERKGELEGENHEIDS-MARKT INDICATOREN

LABOR MARKET INDICATORS



TAUX D'EMPLOI  
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TAUX de CHÔMAGE  
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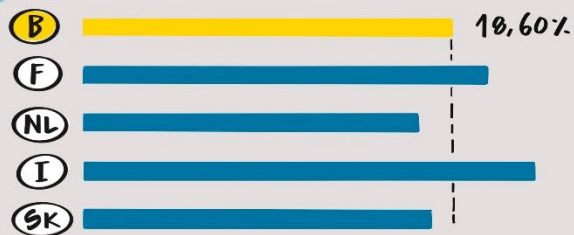
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Gini - COËFFICIËNT (0 → 100)  
GINI COEFFICIENT (0 → 100)

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POPULATION À RISQUE de PAUVRETÉ et d'EXCLUSION SOCIALE  
BEVOLKING MET RISICO OP ARMOEDE en SOCIALE UITSLUITING  
POPULATION AT RISK OF POVERTY AND SOCIAL EXCLUSION



## OVER-INDEBTEDNESS IN BELGIUM



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[Link to the Powerpoint presentation](#)

### **1. Problematic debt in Belgium: statistical trends**

In Belgium, we are fortunate to have several sets of data for monitoring problematic household debt. However, some of the data, particularly on energy (gas, electricity) and water-related debt, are not comparable at the Belgian level, as these subjects are regionalised. The bodies responsible for producing this data differ depending on the federated entity, and their statistics are not always comparable<sup>13</sup>.

#### **1.1. Credit-related debt**

Data on credit-related debt is particularly comprehensive in Belgium. The Individual Credit Register (I.C.R.) records all private credit agreements entered into by individuals in Belgium. It also records any late payments on these credit contracts and all outstanding collective debt settlements. This data is consulted by lenders when credit is applied for. After seeing an increase in the number of people with credit in default between 2007 and 2016, Belgium has since seen a fall in the number of people experiencing credit payment difficulties.

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<sup>13</sup> For a focus on the analysis of data relating to the Walloon region, we invite the reader to consult [Prévention et traitement du surendettement en Wallonie – Rapport d'évaluation 2022-2023](#).

## 2.1. Tax-related debt (FPS Finance)

A set of statistics is published annually by the General Administration for Collection and Recovery (Administration générale de la Perception et du Recouvrement or A.G.P.R.) of the Federal Public Service (FPS) Finance on the collection of its debts. The FPS Finance is responsible, among other things, for collecting federal taxes in Belgium. Analysing these statistics enables us to understand how financial difficulties linked to other types of debt than credit (which do not specifically concern the entire population<sup>14</sup>) are evolving. The FPS Finance grants payment plans to people experiencing temporary difficulties in settling their debts. The number of payment plans granted in 2023 was up sharply compared to 2019 for personal income tax (+63%). This is undoubtedly the effect of the successive crises (health, floods and energy), especially as the number of payment plans increased significantly from 2022 onwards. It is also possible that the high profile of payment problems linked to the energy crisis has raised awareness of the possibility of requesting payment plans from the FPS Finance. Another indicator enables us to check whether the financial difficulties associated with paying taxes have increased from 2022 onwards. The FPS Finance sometimes deems a debt non-recoverable when there is no longer any possibility of recovering it. The number of non-recoverable debts for personal income tax fell by 36% between 2018 and 2023. This number increased sharply in 2022, temporarily reversing the downward trend of previous years. It would therefore appear that the increased repayment difficulties associated with the energy crisis have not persisted over time.

## 3.1. Data from the EU-SILC survey, proportion of the population in difficulty with debt

The EU-SILC survey, which is coordinated at the European level, provides information on the annual proportion of the population experiencing debt problems. This is the proportion of the population in the country who say they are in arrears on a loan, utility bill or other payment because of financial difficulties. Belgium ranks well below the European average in terms of the proportion of its population in difficulty with debt. Financial difficulties linked to debt decreased between 2014 and 2023 in Belgium (-3 percentage points), as in the European Union as a whole (-3.6 percentage points). From the period of the covid crisis onwards, we can see that the proportion of the population in difficulty with debt increases at EU level, while it continues to fall in Belgium, or stagnates. This can be explained by the automatic indexation of salaries and social benefits, as well as fairly substantial investment by the Belgian state in support for people in difficulty. However, there is a slight increase in this proportion in 2023, probably as a result of the end of support measures granted during periods of crisis.

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<sup>14</sup> In 2023, 65% of the adult population of Belgium had at least one outstanding loan (data from the ICR and Statbel).

## **2. Dealing with over-indebtedness in Belgium: debt mediation and the professionals who practice it**

### **2.1. Definition of debt mediation**

Debt mediation is defined as *'the provision of services, excluding the conclusion of a credit agreement, with a view to arranging the terms of payment of debt arising wholly or partly from one or more credit agreements'*<sup>15</sup>.

At present, debt mediation as a process for dealing with over-indebtedness takes the form of two distinct procedures: amicable debt mediation<sup>16</sup> and collective debt settlement.<sup>17</sup>

### **2.2. Debt mediation professionals**

Where debt includes credit debts, the law prohibits all debt mediation in principle, unless it is carried out by two specific categories of professionals, namely<sup>18</sup>:

- on the one hand, public or private institutions approved as debt mediation services by a competent authority;
- lawyers, public officials (notaries, bailiffs) or legal representatives in the exercise of their profession or duties.

The public institutions targeted are essentially the public social welfare centres<sup>19</sup> (CPAS<sup>20</sup>). The CPAS is a public body present in each of the country's 581 municipalities.

It should be noted that, with a few exceptions, the vast majority of CPASs<sup>21</sup> have a debt mediation service.

Approved private institutions take the form of not-for-profit organisations whose corporate purpose is to help people in difficulty.<sup>22</sup>

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<sup>15</sup> Art. I.9, 55° of the Code of Economic Law (former art. 1, 13° of the law of 12 June 1991 on consumer credit).

<sup>16</sup> Or non-judicial.

<sup>17</sup> Or court-ordered debt mediation.

<sup>18</sup> Art. VII.115 and VII. 147/35 of the Code of Economic Law (former art. 67 of the Law of 12 June 1991 on consumer credit).

<sup>19</sup> Their role is to ensure, in accordance with the law, the provision of social assistance owed by the community to individuals and families residing in its territory, to enable them to live in accordance with human dignity (periodic financial assistance (social integration income) or occasional assistance, provision of services (nursing home, social taxi, etc.), assistance in kind (social grocery shop, clothing shop, etc.), advances on benefits, etc.).

<sup>20</sup> Known as OCMW in the Flemish Region (Openbaar centrum voor maatschappelijk welzijn) and ÖSHZ in the German-speaking Community (öffentliches sozialhilfezentrum).

<sup>21</sup> In some cases, the service is also set up in the form of an association known as Chapter XII<sup>21</sup>, enabling several CPASs to join forces to carry out one of the tasks entrusted to them.

<sup>22</sup> ASBL (non-profit-making association), some CAW's (Centrum Algemeen Welzijnswerk) in the Flemish Region.

The approval and, where appropriate, the financing of these services is a matter for the federated entities that are the Communities.<sup>23</sup>

Although they are the responsibility of different federal authorities, the minimum conditions for authorisation are generally more or less the same throughout the country. Lawyers and public officials, i.e. notaries and bailiffs, are also authorised to mediate debts in the exercise of their respective professions or functions, without any particular approval requirements.

### **3. Procedures for dealing with over-indebtedness**

There are two procedures for dealing with over-indebtedness: amicable debt mediation and collective debt settlement, which falls under federal jurisdiction.

Although they have different legal frameworks, conditions of access, procedures and means, they pursue the same objective, namely to restore the financial situation of people in debt or over-indebtedness, with the guiding principles of taking into account the debtor's ability to repay and respect for a life of human dignity for the debtor and his family.<sup>24</sup>

The concept of human dignity, enshrined in the Belgian Constitution<sup>25</sup> and elevated to the level of a principle guaranteeing the very essence and effectiveness of these procedures, is not expressly defined by the legislation concerned, but its content and limits have been and continue to be forged and shaped by practice and case law.<sup>26</sup>

#### **3.1. Amicable debt mediation<sup>27</sup>**

Under this procedure, the debtor's financial situation is restored by repaying the debt by means of drawing up and negotiating, through the debt mediator, a repayment plan covering all the outstanding debts, taking into account the debtor's ability to repay and respect for human dignity.

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<sup>23</sup> From 1 January 1994, the French Community (Fédération Wallonie Bruxelles) transferred its powers to the Walloon Region, by virtue of a decree of the French Community of 19 July 1993 and a decree of the Walloon Regional Council of 22 July 1993, and to the French Community Commission (Région bilingue de Bruxelles-Capitale) by virtue of the same decree of the French Community of 19 July 1993 and a decree of the Council of the Brussels-Capital Region of 22 July 1993.

<sup>24</sup> Art. XIX.17 of the Economic Law Code for amicable debt mediation and art. 1675/3 of the Judicial Code for collective debt settlement. Article 23 of the Belgian Constitution: 'Everyone has the right to lead a life in keeping with human dignity'.

<sup>25</sup> Art. 23 of the Belgian Constitution: 'Everyone has the right to lead a life in keeping with human dignity'.

<sup>26</sup> C. trav. (Court of Labour) Mons (10th ch.), 2 May 2017 (RG 2016/AM/296) 'the notion of human dignity reasonably covers, in addition to what concerns the satisfaction of basic needs (housing, food, heating, etc.), other needs or aspirations, which for some are always of a material nature, but can also be of an immaterial nature. (C. trav. Mons, ch. des vacances, 31 July 2013, R.G. n ° 2013/AM/265; see in this sense, C. trav. Mons, (7<sup>th</sup> ch.), 21 October 2009, RG number 21.675)", JuriObs, <https://observatoire-credit.be/fr/juriobs> [online] [consulted on 14 October 2024].

<sup>27</sup> Title 3 of Book XIX of the Code of Economic Law in Articles XIX.16 to XIX.44 of the Code of Economic Law

This service is open to all debtors, individuals<sup>28</sup> who are in debt or over-indebted, regardless of their social or professional status (employee, social security recipient, self-employed, practitioner of a liberal profession, etc.) and regardless of the nature<sup>29</sup> and amount of their debts.

This is a voluntary procedure that can only be initiated by the debtor<sup>30</sup> and during which he mandates the mediator to carry out his task.

Amicable debt mediation is formalised by the signing of an agreement between the mediator (approved services, lawyer or ministerial officers) and the debtor.

The law does not attribute any particular legal effect to amicable debt mediation and does not grant the debt mediator any power of enforcement with regard to either the debtor or the creditors, so that this procedure is essentially based on cooperation, trust and transparency between the various parties.

Taking into account the budget set and the amount available, the mediator will draw up realistic repayment proposals<sup>31</sup> which must cover the entire debt and enable it to be settled within a period deemed 'reasonable'<sup>32</sup>.

The repayment proposal is then sent to the creditors, who have every right to accept or reject it<sup>33</sup>. If an agreement is reached, it is up to the debtor to make the payments in accordance with the payment plan drawn up, which the mediator monitors and supports throughout the procedure.

### **3.2. Collective debt settlement<sup>34</sup>**

These are legal proceedings within the jurisdiction of the labour courts.<sup>35</sup>

Legislation provides for the remission of debts within a legal framework that requires a payment plan of limited duration to be drawn up and complied with beforehand, and a series of rigorous conditions to be met<sup>36</sup>. Total debt remission is a possible solution in the face of completely inadequate financial and socio-professional situations.

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<sup>28</sup> Art. XIX. 19 of the Code of Economic Law.

<sup>29</sup> It should be borne in mind, however, that the exercise of debt mediation is regulated when the debtor's indebtedness includes credit debts, in which case only approved services, lawyers and public officers may intervene. Furthermore, when the debt consists solely of energy debts, the CPAS energy fund will act as debt mediator.

<sup>30</sup> Art. XIX.18 of the Code of Economic Law.

<sup>31</sup> Art. XIX.32 of the Code of Economic Law

<sup>32</sup> The notion of a reasonable period is left to the mediator's discretion, taking into account the debtor's financial situation and ability to repay. It is generally set at a maximum of 5 years.

<sup>33</sup> Art. XIX. 33 of the Code of Economic Law

<sup>34</sup> Art. 1675/2 et seq. of the Judicial Code.

<sup>35</sup> When the Act of 5 July 1998 was passed, jurisdiction was given to the seizure judges. It was transferred to the labour courts in 2007.

<sup>36</sup> prior sale of assets, support measures<sup>36</sup>, abolition of the remission in the event of a return to better fortunes, etc.

Admission to the proceedings is subject to examination by the competent judge of the cumulative conditions of admissibility set out in Article 1675/2 of the Judicial Code, namely:

- being a natural person;
- having the centre of their main interests in Belgium;
- not being a company or no longer being a company either because they ceased trading as a company more than 6 months ago or following the closure of bankruptcy proceedings initiated previously;
- not having organised their insolvency;
- being in long-term, structural debt;
- not having been revoked, i.e. excluded, from a previous collective debt settlement procedure within 5 years;

If the debtor is admitted to the procedure, a debt mediator will be appointed as a court-appointed representative and will assist the debtor throughout the procedure.

Eligibility for collective debt settlement proceedings has a series of legal effects for both the debtor and his creditors.<sup>37</sup>

These effects include the fact that the debtor will no longer be able to dispose of all his assets (furniture, real estate, income and other resources) without the court's authorisation.

In particular, this means that during the procedure, all the debtor's income and resources must be paid into a mediation account opened and managed by the debt mediator, who will pay the debtor a mediation allowance each month in order to pay his current expenses.<sup>38</sup>

A distinctive feature of the collective debt settlement is that the same procedure includes an amicable phase and, where appropriate, a court-ordered phase.

During this amicable phase, the mediator draws up a draft settlement plan on the basis of the statements of claim submitted by the creditors. This period generally lasts 12 to 15 months.

The duration of the amicable settlement plan is set at a maximum of 7 years from the date of the eligibility order. In addition to the remission of costs and interest, the amicable settlement plan may provide for the remission of debts in principal amounts

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<sup>37</sup> Art. 1675/7 of the Judicial Code.

<sup>38</sup> Rent, food, energy, water, etc.

ranging from 0% to 100%, taking into account the percentage available to creditors and the extent of the debt.<sup>39</sup>

The draft plan is submitted to all parties, debtor and creditors, for agreement. If agreement is reached, the mediator forwards the draft amicable plan to the court for approval. Once the plan has been approved, the mediator will ensure that it is implemented by making payments to the creditors.

If no agreement is reached on the draft amicable plan, or if the mediator is unable to propose a plan, the mediator will draw up a report of defaulting, which will trigger the judicial phase of the proceedings. From this stage onwards, it will be up to the judge to impose a judicial plan on the parties for a maximum period of 5 years, providing for a remission of costs and interest and/or a partial remission of the principal amount<sup>40</sup> or, in certain specific cases, a total remission.<sup>41</sup>

Whether it is part of an amicable or court-ordered plan, the debt will be written off once the approved or imposed plan has been implemented.

Since 2 November 2023, all collective debt settlement cases have been submitted, processed and managed via a digital platform called JustRestart.

### **3.3. The position of the debt mediator in procedures for dealing with over-indebtedness**

Although he intervenes at the request of the debtor, the debt mediator has the status of an intermediary, guaranteeing the interests of the debtor and the creditors. Debt mediators are required to be independent, impartial and diligent in the performance of their duties.

## **4. Financing the handling of over-indebtedness**

### **4.1. Financing debt mediation services**

In all the federated entities, the debt assistance offered by debt mediation services is free of charge for the debtor<sup>42</sup>. However, the services have to be paid to finance their

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<sup>39</sup> Art. 1675/10 of the Judicial Code

<sup>40</sup> With the exception of the following irreducible debts: criminal fines, maintenance claims, debts arising from bankruptcy, compensation for personal injury resulting from an offence.

<sup>41</sup> Art 1675/12, 1675/12, 1675/13bis of the Judicial Code

<sup>42</sup> The private services approved by the COCOM and the CPASs and associations of CPASs approved by the Walloon region may in theory charge fees to the debtor in accordance with legislative provisions, but in practice all services offer free assistance. See Art.22 Decree of the College of October 15, 1998 on the accreditation, staff training and cost of mediation of institutions practicing debt mediation. Articles 97 to 104 of the Organic Law of 8 July 1976 provide that the CPASs and associations of CPASs may demand a contribution which they set according to the person's resources.

debt mediation staff, and the source of funding for the services varies from one federated entity to another (subsidies dedicated to debt mediation or more general funding for services with broader missions).

#### **4.2. The financing of amicable debt mediation not practised by debt mediation services**

The amicable debt mediation procedure is not necessarily free of charge if the debtor seeks help from someone other than the debt mediation service. The professionals involved in amicable debt mediation, other than accredited institutions, are mainly remunerated on the basis of fees, which vary according to the services provided. However, the debtor may also use the services of a legal aid office to benefit, under certain conditions<sup>43</sup>, from the assistance of a lawyer (so that mediation is partially or totally free of charge). The costs and fees associated with amicable mediation are then covered by the Federal Public Service Justice.

#### **4.3. Financing the collective debt settlement procedure**

Even if the debtor can obtain a debt mediation service in the form of a court-appointed mediator, the costs and fees of the court-appointed mediator are borne by the debtor.<sup>44</sup> If there are insufficient funds in the mediation account to pay the mediator's costs and fees, the Judicial Code provides, under certain conditions, for the intervention of the FPS Economy (formerly the *Fonds de traitement du surendettement*). The intervention fund is financed on the basis of an annual contribution by certain creditors: mortgage and consumer credit lenders, the *Institut belge des services postaux et des télécommunications* (I.B.P.T.), the *Autorité des services et marchés financiers* (F.S.M.A.) and the Gaming Commission. The debt mediator's fees and expenses may not exceed 1,200 euros per case, unless the judge decides otherwise in a specially reasoned decision.<sup>45</sup>

### **5. News and forthcoming reforms**

#### **5.1. Where are the over-indebted?**

In 2022–2023, despite the successive crises, the use of amicable and court-ordered debt mediation remained stable, and was even decreasing in the Flemish and Walloon regions. The Observatory then investigated this paradox in a double study.<sup>46</sup> In addition

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<sup>43</sup> Information on the conditions for accessing legal aid is available on the Walloon Debt Portal (<http://socialsante.wallonie.be/surendettement/citoyen/?q=aidejuridique>).

<sup>44</sup> Article 1675/19§2 of the Judicial Code.

<sup>45</sup> As amended by Article 18 of the Miscellaneous Provisions Act of 29 December 2010.

<sup>46</sup> E. Dehon and C. Jeanmart, "[Où sont les surendettés? Analyse du faible recours à la médiation amiable et judiciaire en période de crise en Belgique](#)", OCE, December 2022 and E. Dehon and C. Jeanmart, "[Où sont les surendettés? Un an après. Analyse du \(non ou faible\) recours à la médiation de dettes amiable et judiciaire en Belgique en 2024](#)", OCE, March 2024.



to the explanatory factors linked to the various successive crises (governmental support, recourse to savings, etc.), other macro-sociological factors (linked to the crises or already present before the crises) may also explain this situation.

These studies reveal a number of observations about the system for dealing with over-indebtedness in Belgium:

- The CPASs have suffered from successive crises (burnout, staff shortages, service overload).
- Certain profiles are more present in debt mediation services: people from the 'middle class' and the self-employed.
- There is a lack of awareness of debt mediation among consumers and front-line players.
- There is a problem with the accessibility of services and administrations (waiting lists, increasing digitalisation, etc.).
- The digital divide reinforces the non-use of the procedure and makes the collection of budgetary information more complex.
- Mental health is not necessarily dealt with in the service and the debt mediator sometimes has to contend with 'complex' profiles without appropriate support.
- Debt mediation is not an appropriate response for profiles that are structurally insolvent (when income is lower than expenses).

## 5.2. What about tomorrow?

It should also be noted that in recent years, marked in particular by the successive crises in Covid 19 and the energy sector, the over-indebtedness sector has been the subject of a great deal of reflection, questioning and other debate concerning the effectiveness of existing procedures, the importance of the financial and human resources made available and also the possibilities for action in relation to new groups faced with situations of indebtedness or increasingly frequent profiles of structural insolvency. This has led to the adoption of several important pieces of legislation in the course of 2023 to 2024<sup>47</sup>.

As a result, after more than 30 years of practice, amicable debt mediation has been given a specific legal framework enshrining the practice of amicable debt mediators and the legal recognition of this process as a fully-fledged procedure for dealing with over-indebtedness alongside collective debt settlement. This is a crucial first step, as the debates and reflections on this procedure must continue in order to provide it with the legal means<sup>48</sup> to strengthen its effectiveness and its *raison d'être*.

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<sup>47</sup>S. THIBAUT, "New legislation for the sector", *Echos du Cr dit et de l'Endettement*, No. 83, September 2024, Editions Agence Alter, p. 7 et seq.

<sup>48</sup>For example, the suspension of enforcement proceedings by creditors for a reasonable period.

A number of laws and provisions have also been adopted with the aim to

- regulate late payment of consumer debts and the resulting fees and costs<sup>49</sup>;
- update and reform the procedure for the amicable recovery of consumer debts<sup>50</sup>;
- avoid, as far as possible, people in financial difficulty being unnecessarily exposed to debt collection procedures, and in particular to compulsory enforcement procedures, which can lead to an accumulation of significant costs<sup>51</sup>;
- but also to detect at an early stage people experiencing temporary or structural financial difficulties<sup>52</sup>.

Finally, the work is far from over, with new issues and challenges emerging for the future. In the years to come, therefore, we will have to continue the work of reflection and reform, which will only be truly meaningful and effective if these discussions and debates are part of a global vision that includes financial education, prevention as well as the debt recovery process.

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<sup>49</sup> Art. XIX.1 to XIX.4 of the Code of Economic Law

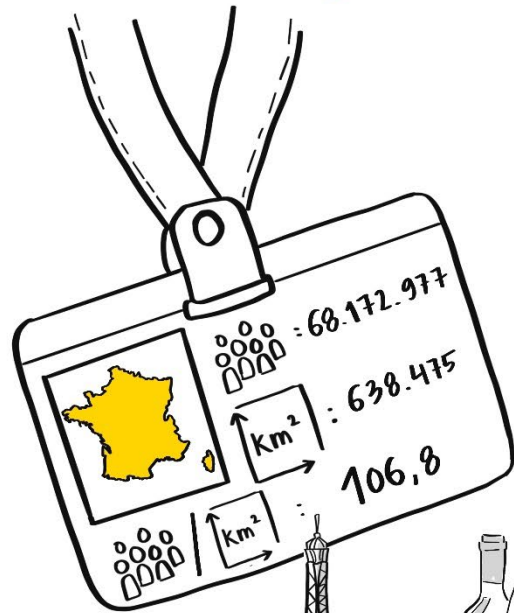
<sup>50</sup> Art. XIX.5 to XIX.15 of the Code of Economic Law

<sup>51</sup> Information sheet in the event of summons, service of judgment, seizure of movable property, suspensive effect of the payment plan on enforcement procedures, refusal to pursue a sale of loss-making assets, obligation to give priority to amicable solutions, seizure made jointly, reform of the tariffs and fees of bailiffs, ...Law of 15 May 2024 on measures to combat over-indebtedness and to protect against over-indebtedness, M.B., 1 July 2024, p. 79406; Royal Decree of May 18, 2024 amending the Royal Decree of November 30, 1976 setting the tariff for acts performed by bailiffs in civil and commercial matters and for certain allowances, M.B., June 19, 2024, p. 76059..

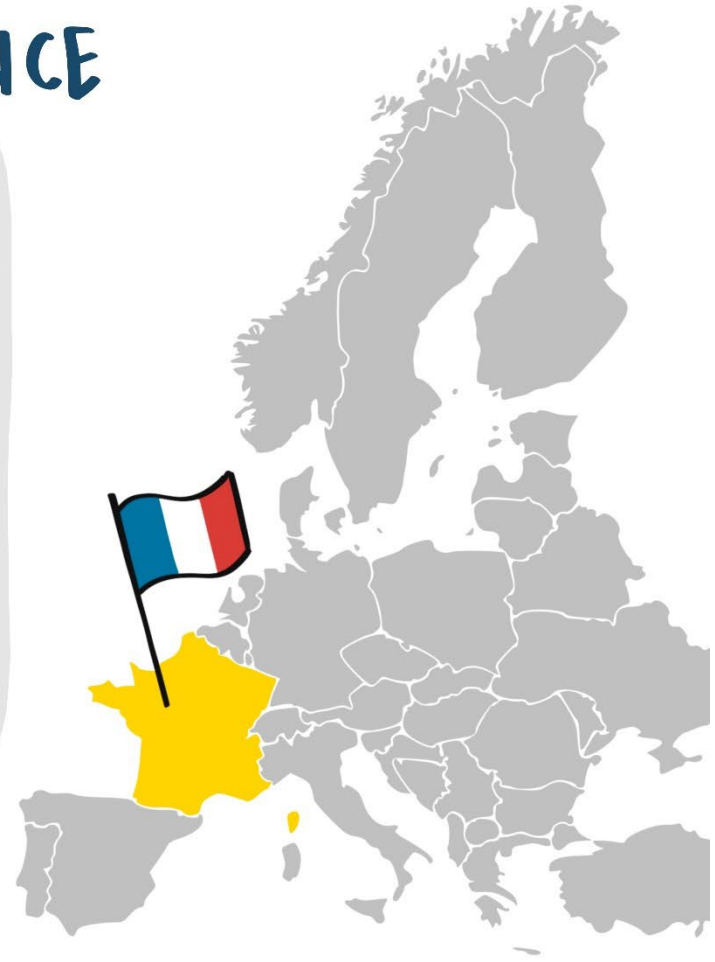
<sup>52</sup> Creation of new notices in the central file of seizure notices: notice of amicable debt mediation, notice of probability of insolvency (for companies).



# FRANCE - FRANKRIJK - FRANCE



RÉPUBLIQUE  
SEMI-PRÉSIDENTIELLE  
SEMI-PRESIDENTIËLE  
REPUBLIEK  
SEMI-PRESIDENTIAL  
REPUBLIC



# FRANCE - FRANKRIJK - FRANCE

INDICATEURS de RICHESSE  
ÉCONOMIQUE

ECONOMISCHE  
RIJKDOM INDICATOREN

ECONOMIC WEALTH  
INDICATORS



PIB (MILLION €)  
BBP (MILJOEN €)  
GDP (MILLION €)



PIB/HABITANT (€)  
BBP PER INWONER (€)  
GDP PER CAPITA (€)

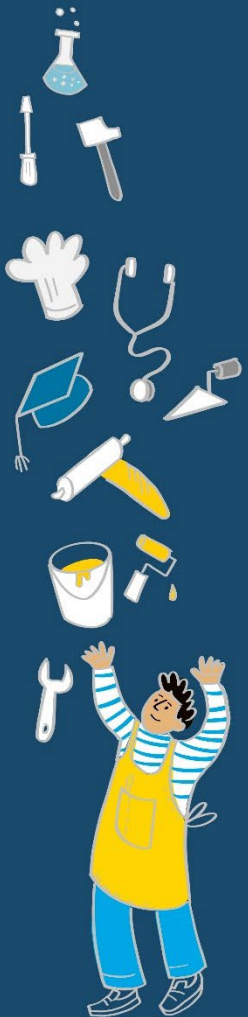


# FRANCE - FRANKRIJK - FRANCE

INDICATEURS du MARCHÉ de L'EMPLOI

WERKGELEGENHEIDS-MARKT INDICATOREN

LABOR MARKET INDICATORS



TAUX D'EMPLOI  
WERKGELEGENHEIDSPERCENTAGE  
EMPLOYMENT RATE



TAUX de CHÔMAGE  
WERKLOOSHEIDSPERCENTAGE  
UNEEMPLOYMENT RATE

# FRANCE - FRANKRIJK - FRANCE

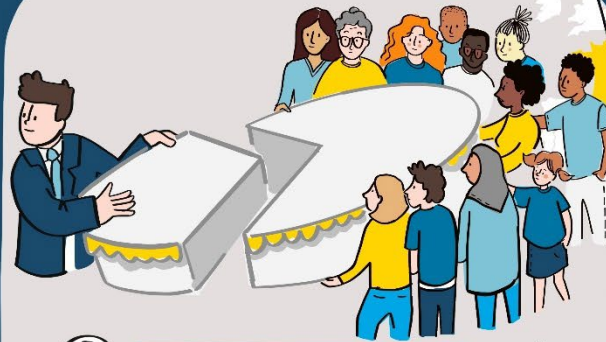
INDICATEURS d'INÉGALITÉ  
des REVENUS

INKOMENS-  
ONGELIJKHEIDSINDICATOREN

INCOME INEQUALITY  
INDICATORS



REVENU DISPONIBLE ÉQ. MÉDIAN  
MEDIAAN BESCHIKBAAR EQ. INKOMEN  
MEDIAN EQ. DISPOSABLE INCOME



COEFFICIENT de Gini (0 → 100)  
Gini - COEFFICIENT (0 → 100)  
Gini COEFFICIENT (0 → 100)



# FRANCE - FRANKRIJK - FRANCE

INDICATEURS de  
PAUVRETÉ

ARMOEDE  
INDICATOREN

POVERTY  
INDICATORS



POPULATION À RISQUE de PAUVRETÉ et d'EXCLUSION SOCIALE  
BEVOLKING MET RISICO OP ARMOEDE en SOCIALE UITSLUITING  
POPULATION AT RISK OF POVERTY AND SOCIAL EXCLUSION



## OVER-INDEBTEDNESS IN FRANCE



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[Link to the Powerpoint presentation](#)

### **Introduction**

### **Background**

The Banque de France has been responsible for dealing with household over-indebtedness since 1990.

At the end of the 1980s, against a backdrop of strong growth in consumer credit, household over-indebtedness was on the increase. The Neiertz Act no. 89-1010 of 31 December 1989, on the prevention and resolution of difficulties associated with the excessive indebtedness of individuals and families, introduced an initial procedure with two objectives: to prevent over-indebted people from falling into precarious situations and to enable creditors to recover all or part of the sums owed.

The following were thus created:

- A register of personal credit repayment incidents (*Fichier recensant les Incidents de remboursement des Crédits aux Particuliers* or FICP);
- A collective procedure to deal globally with the over-indebtedness of individuals. The procedure was initially administrative in nature, with the aim of finding an amicable solution, and later became a judicial process, with the judge being able to impose a recovery plan on the creditors and the debtor, including the possibility of rescheduling debts to enable them to be repaid.

The procedure was subsequently periodically adjusted in order to take account of the difficulties that arose in its implementation.

## **Mission**

Dealing with household over-indebtedness is part of a broader public policy mission: financial inclusion. This involves preventing or dealing with the difficulties encountered by people in accessing those financial services considered to be essential (a bank account, suitable means of payment) or highly useful (minimum access to credit, certain types of insurance, etc.).

The aim of the measures put in place is to make them accessible to people who are excluded from these financial services and to avoid increasing the difficulties, or even the financial exclusion, of people in a situation of demonstrable financial fragility.

The Banque de France has a specific remit in the area of financial inclusion:

- Identifying needs and monitoring the implementation of measures: this is the role of the Banking Inclusion Observatory (*l'Observatoire de L'inclusion Bancaire* or OIB) created by law and chaired by the Governor of the Banque de France;
- Promoting financial inclusion through institutional communication and local initiatives;
- Implementing certain public policies: over-indebtedness, right to an account, management of incident files, etc;
- Informing the public about the schemes it manages and about banking operations and practices through a multi-channel contact service (service InfoBanqueAssurance).

## **1. Monitoring household over-indebtedness**

### **Causes of over-indebtedness**

Several factors can have an impact on the budgetary situation of households and bring them into a situation of over-indebtedness, leading them to file for over-indebtedness:

- Economic conditions: unemployment, job insecurity, poverty, inflation, growth, etc.
- Changes in their personal situation: consumption strategy, assets, professional life cycle, environment, family situation, health problems, etc.
- The over-indebtedness procedure: knowledge of the procedure, conditions under which cases are accepted, how cases are dealt with at the end of the procedure, changes in the procedure, etc.

## Long-term trends

Before 2014, the number of applications filed each year was around 200,000.

From 2014 onwards, the number of filings began to fall: over the last ten years, filings have fallen by 6% a year on average. This long-term trend appears to be due in particular to stricter supervision of the conditions under which consumer credit is marketed, the fall in unemployment over this period and a more efficient application processing procedure that limits the number of re-filings.

### 2023 highlights

In 2023, 121,617 cases were filed with the departmental over-indebtedness commissions in mainland France, up 8% compare with 2022. However, the number of cases filed in 2023 was still 50% lower than in 2014. As of 31 December 2023, 586,000 households were registered as over-indebted in France by the Banque de France.

The main characteristics of over-indebted people

- In 2023, half of over-indebted households had a standard of living of less than €1,136 per month;
- 58% have a standard of living below the monetary poverty line (€1,158 per month in 2021);
- Minimum social benefits account for 10% of their net resources, a proportion 3.5 times higher than for households as a whole;
- 88 % rent their home or live in rent-free accommodation (42% for all households)
- 20 % live in single-parent families, twice the proportion for the population as a whole.

Over-indebted people:

- 56% are separated, single or widowed (compared with 41% of the general population);
- 83% are aged between 25 and 64 (compared with 63% of the general population);
- 35% are in paid employment (compared with 45% of the population) and 25% are looking for work;
- 54 % are women (compared with 52% of the general population).

## Publications on over-indebtedness as a phenomenon

The Financial Inclusion Barometer<sup>53</sup> is published monthly. It tracks several indicators of financial inclusion: filings for over-indebtedness, exercise of the right to an account,

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<sup>53</sup> [Barometre-inclusion-financiere\\_octobre-2024.pdf \(banque-france.fr\)](#)

banking incidents, people informed/assisted by the Banque de France on a financial inclusion issue.

The annual typological survey presents the profile of households filing for over-indebtedness and the structure of their debt.<sup>54</sup>

The Report of the Banking Inclusion Observatory,<sup>55</sup> published annually, provides data on microcredit, financial fragility and offers for fragile customers and the characteristics of financial fragility. It also lists the initiatives taken by the Observatory and its Scientific Council to prevent financial exclusion.

Lastly, the annual activity reports of the departmental over-indebtedness commissions and thematic surveys (e.g. over-indebtedness of people aged 65 and over) are also published annually).

## **2. Supporting over-indebted households**

### **The procedure for dealing with over-indebtedness**

To be eligible for the over-indebtedness procedure, an application must be made subject to three legal conditions:

- The procedure applies to natural persons.
- The applicant is unable to meet his non-business or business debts.
- The applicant is acting in good faith.

The procedure for filing an over-indebtedness application is entirely free, confidential and protective.

### **Social workers**

In 2023, 46% of applicants chose to be assisted by a social worker.

### **The over-indebtedness commission**

The Banque de France is the main contact for applicants. The commission's secretariat examines the case and presents it to the commission (which is made up of seven members and chaired by the Prefect).

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<sup>54</sup> [Typological survey on household over-indebtedness in 2023 | Banque de France \(banque-france.fr\)](#)

<sup>55</sup> [Report of the Observatoire on banking Inclusion 2023 | Banque de France \(banque-france.fr\)](#)

## Referral of applications

As soon as the application is submitted, the debtor is registered in the national file of personal credit repayment incidents, which can be consulted by credit institutions.

Once an application has been accepted, creditors' actions against debtors are suspended (penalties are stopped and interest is frozen). There is therefore a balance to be sought between protecting creditors and debtors.

Whether or not a case is referred depends on whether or not the debtor's situation is irretrievably compromised (i.e. the debtor has no ability to repay or a very low ability to repay and his or her situation is unlikely to improve in the medium term.)

- If full or partial repayment is possible: a plan is drawn up (deferment, rescheduling, reduction in the interest rate, partial cancellation of debts, or even taking steps to reduce the debt - sale of an asset, for example).
- If the debtor is unable to repay the debt: a decision is taken to completely write off the debt (personal recovery procedure).

The maximum duration of the procedure is 7 years.

## Solutions found for cases that have been closed

The solutions found by the over-indebtedness commissions in mainland France for the 119,741 cases they handled in 2023 break down as follows:

- 44% resulted in imposed partial or total repayment measures.
- 35% were the subject of a personal recovery decision, at the end of which the households concerned had their debts completely cleared.
- 7% were the subject of a final conventional recovery plan; this type of plan is negotiated between the debtor who owns a property and his creditors.
- 14% resulted in decisions to dismiss, close or terminate proceedings.

The total amount written off was €1.2 billion in 2023.

## Breakdown of debt

In 2023, the debt contracted by all over-indebted households totalled 4.2 billion euros. Excluding property debts, the median debt was €16,898 and the average debt €30,429. Consumer debt accounted for 40% of total debt, and property debt for 27%. The proportion of current service charges and other debts stabilised at 33%. Among current service charges and other debts, the share of energy and communications remained stable at 2% of total debt. The majority of receivables are held by large private banking groups. Taking all debts together, the top ten private creditor groups of over-indebted households hold two-thirds of total outstanding debt.

### **3. A free procedure carried out by the Banque de France on behalf of the government**

#### **Responsibility carried out on behalf of the government**

In accordance with the law, the Banque de France provides the secretariat for the over-indebtedness commissions on behalf of the government, which covers the costs incurred in carrying out this task in service of the general public. The objective set for the Banque de France is to ensure that over-indebtedness is dealt with effectively. A key performance indicator relates to the average time taken to process over-indebtedness cases.

### **4. New challenges in handling over-indebtedness in France**

#### **Reforms and projects for the Banque de France**

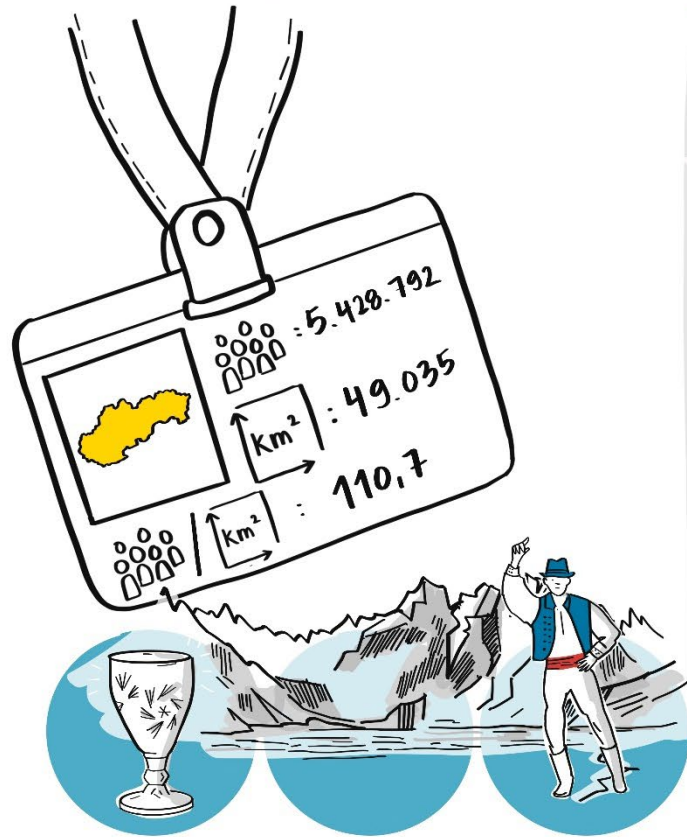
Reforms to improve risk detection are currently being implemented, in particular the transposition of Directive (EU) 2023/2225 of 18 October 2023 on consumer credit agreements, which provides for an extension of the scope to include fractional payments and mini-credits, as well as the creation of advisory structures for people in debt.

The Banque de France also has the ongoing ambition to:

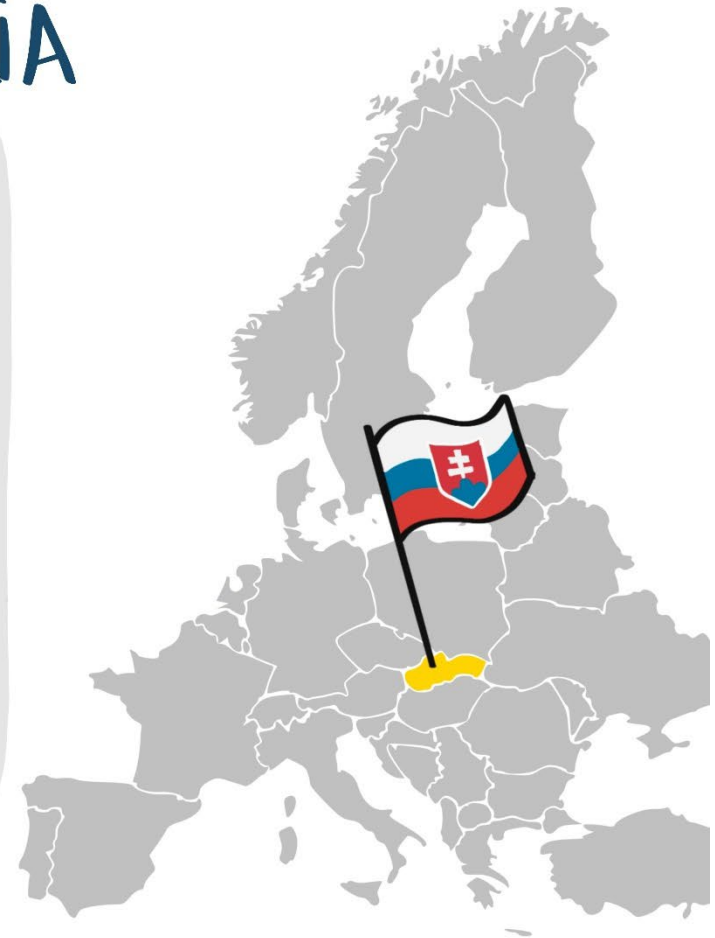
- improve its monitoring of the profile of over-indebted households;
- listen even more closely to its customers and their needs (telephone contacts with over-indebted customers, gathering their suggestions);
- continue simplifying our tools (simplifying our correspondence, making it easier to file over-indebtedness applications online);
- develop communication campaigns to raise awareness of its support services for private individuals;
- continue its financial education initiatives, in particular the training of social workers.



# SLOVAQUIE - SLOWAKIJE - SLOVAKIA



RÉPUBLIQUE  
PARLEMENTAIRE  
DÉMOCRATIQUE  
DEMOCRATISCHE  
PARLEMENTAIRE  
REPUBLIEK  
DEMOCRATIC  
PARLIAMENTARY  
REPUBLIC





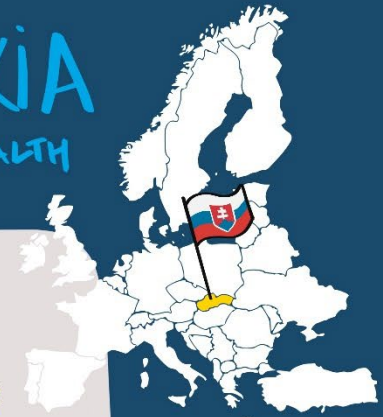


# SLOVAQUIE - SLOWAKIJE - SLOVAKIA

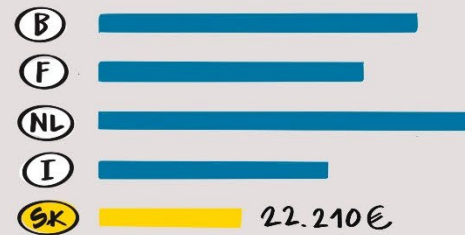
INDICATEURS de RICHESSE  
ÉCONOMIQUE

ECONOMISCHE  
RIJKDOM INDICATOREN

ECONOMIC WEALTH  
INDICATORS



PIB (MILLION €)  
BBP (MILJOEN €)  
GDP (MILLION €)



PIB/HABITANT (€)  
BBP PER INWONER (€)  
GDP PER CAPITA (€)

# SLOVAQUIE - SLOWAKIJE - SLOVAKIA

INDICATEURS du MARCHÉ de L'EMPLOI

WERKGELEGENHEIDS-MARKT INDICATOREN

LABOR MARKET INDICATORS



TAUX D'EMPLOI  
WERKGELEGENHEIDSPERCENTAGE  
EMPLOYMENT RATE



TAUX de CHÔMAGE  
WERKLOOSHEIDSPERCENTAGE  
UNEEMPLOYMENT RATE

# SLOVAQUIE - SLOWAKIJE - SLOVAKIA

INDICATEURS d'INÉGALITÉ  
des REVENUS

INKOMENS-  
ONGELIJKHEIDSINDICATOREN

INCOME INEQUALITY  
INDICATORS



REVENU DISPONIBLE ÉQ. MÉDIAN  
MEDIAAN BESCHIKBAAR EQ. INKOMEN  
MEDIAN EQ. DISPOSABLE INCOME



COEFFICIENT de Gini (0 → 100)  
Gini - COÛFFICIËNT (0 → 100)  
Gini COEFFICIENT (0 → 100)

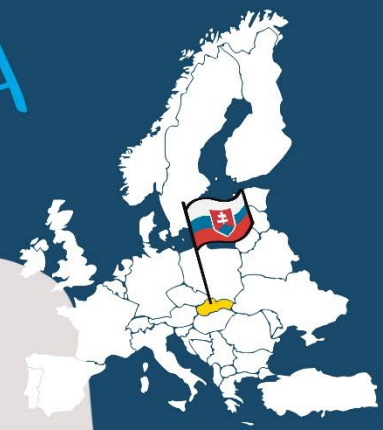


# SLOVAQUIE - SLOWAKIJE - SLOVAKIA

INDICATEURS de  
PAUVRETÉ

ARMOEDE  
INDICATOREN

POVERTY  
INDICATORS



POPULATION À RISQUE de PAUVRETÉ et d'EXCLUSION SOCIALE  
BEVOLKING MET RISICO OP ARMOEDE en SOCIALE UITSLUITING  
POPULATION AT RISK OF POVERTY AND SOCIAL EXCLUSION

## OVER-INDEBTEDNESS IN SLOVAKIA



*Peter DANIEL*  
*Member of ECDN*

[Link to the Powerpoint presentation](#)

Over-indebtedness in Slovakia is currently not measured in any systematic way. Some standalone research papers and/or standard articles are time-to-time published by researchers and other experts but none of governmental institutions and or private organizations is dealing with complete and regular measuring of the indebtedness level in the country. On the other side, regular statistical data are published on different topics related to some indebtedness aspects, for example:

- National Bank of Slovakia (central bank) provides bank loans monthly statistics incl. non-performing debt, where loans of households are shown separately
- Statistical Office of the Slovak Republic publishes every year country-related data of the EU SILC research regarding Income & Living Conditions, including poverty situation as well as social and material deprivation of Slovaks
- CRIF – Slovak Credit Bureau irregularly published statistics on personal bankruptcies
- Association of Slovak Collections Agencies publishes irregularly some selected data on payment discipline
- Central Office for Labour, Social Affairs & Family, Free Debt Advisory Department collects the data on over-indebted clients, but these data are not available to public
- The rest of collected indebtedness data is showing the individual debt rather than summarized statistics

Unfortunately, there is no direct connection among the statistical data in different database mentioned above. Therefore, we cannot see any complete picture of the

over-indebtedness level (we can't see if the debtor who is not paying his/her bank debt, is at the same time filed in the register of debt collection agency, if he/she is in the blacklist of telecommunication companies, if he/she owes some money in mandatory health insurance, etc. Some summarized picture is shown in the EU SILC annual research run by Eurostat, although the data of social & material deprivation are reflecting rather subjective opinions of research participants (their feelings) than objective data. On the other side the percentage of population in poverty, shown in the EU SILC, is based on objective data (although some socio-economic experts expressed some reservations on the selection of research sample group).

As for non-performing loans, the situation was systematically improving until post-COVID indebtedness has shown its impact here. As you can see below, only in 2024 the situation this impact came into effect in almost all categories of bank loans to households:

Bank loans to individuals	NPL percentage (%)					
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.8.2024
<b>Total loans provided in EUR</b>	<b>2,87%</b>	<b>2,43%</b>	<b>2,02%</b>	<b>1,77%</b>	<b>1,75%</b>	<b>1,82%</b>
<b>A. Consumer loans</b>	8,28%	7,84%	7,49%	6,73%	6,62%	7,05%
<b>B. loans for housing</b>	1,78%	1,52%	1,27%	1,10%	1,12%	1,10%
<i>Mortgage loans</i>	<i>1,36%</i>	<i>1,14%</i>	<i>0,92%</i>	<i>0,82%</i>	<i>0,85%</i>	<i>0,86%</i>
<b>C. Credit cards</b>	12,20%	13,08%	10,63%	8,25%	3,43%	3,44%
<b>D. Bank account overdraft &amp; revolving loans</b>	6,34%	5,87%	5,56%	6,47%	6,39%	6,80%
<b>A+B+C+D</b>	<b>3,01%</b>	<b>2,55%</b>	<b>2,13%</b>	<b>1,81%</b>	<b>1,80%</b>	<b>1,83%</b>

*Source: National Bank of Slovakia website (raw data aggregated by the author)*

The situation in personal bankruptcies has significantly changed in 2017, when the overall legal rules were modified and simplified for debtors. While until the end of 2016, in 11 years, less than 3,000 individuals were filed in personal bankruptcy, since 2017, in 7 years additional 81,000 people went through the new personal bankruptcy proceedings. The monthly average of people applying for personal bankruptcy is more-or-less stable since 2021 when again partially stricter rules started to be required by insolvency law. Even if personal bankruptcy is surely very useful tool how to help to over-indebted individual, it's unfortunately often misused by people who do not realistically need it. There are 2 types of personal insolvency proceedings for individuals in Slovakia: (a) bankruptcy and (b) instalment plan for max. 5 years. In the second case, the debtor

is supposed to repay some part of his/her debt within 5 years. Slovaks are clearly preferring the bankruptcy (99.1% of cases) over instalments (0.9%). Annual number of applicants for personal bankruptcy is higher than the number of those who are allowed to go for this court procedure. In 2023 in total 98,798 people contacted the Legal Aid Centre of the Ministry of Justice regarding the personal bankruptcy, only 9,732 of them applied for it, and for 9,645 individuals the Legal Aid Centre submitted the files to the insolvency court.<sup>56</sup> The number of people who successfully went through the personal bankruptcy court procedures, is shown below:

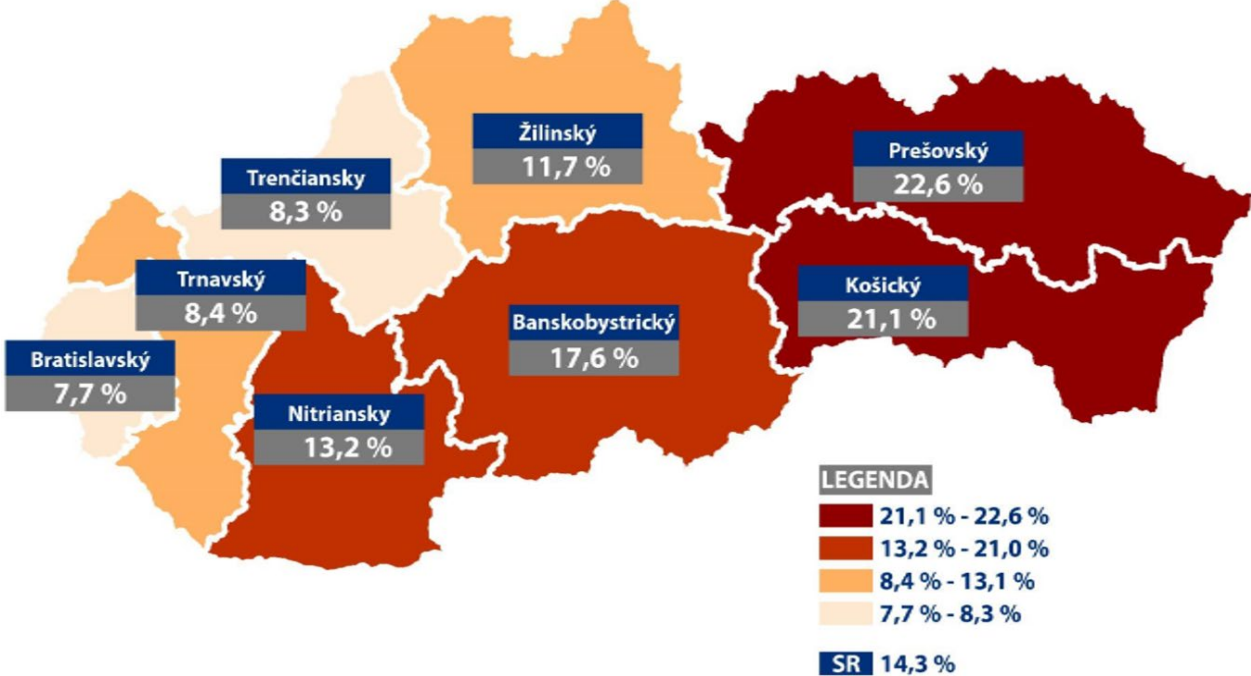
Annual and monthly volume of personal bankruptcies		
Year	Total volume	Monthly average
2006-2016	2.918	22
2017	5.239	437
2018	13.848	1.154
2019	16.167	1.347
2020	11.249	937
2021	8.641	720
2022	9.674	806
2023	9.701	808
2024 (01-09)	6.750	750
<b>TOTAL</b>	<b>84.187</b>	

*Source: CRIF Slovak Credit Bureau publications in different years*

As for the poverty level in Slovakia as well as the level of social & material deprivation of people, the situation is presented in the most concise way in the EU SILC (Statistics on Income & Living Conditions) published by Eurostat and by the Statistical Office of the Slovak Republic. The current situation in Slovakia is impacted very much by COVID measures, post-COVID economic & financial crises, energetical crisis, and Ukrainian war crisis. In 4 years (2020-2023) the percentage of Slovak population below the poverty level (*below 60% of the national equivalent disposable income*) increased from 11.4% to 14.3% (*threshold income for single-individual household increased from 435 € to 461 € per month*). Percentage of Slovak population being in poverty and social & material deprivation increase from 14.8% to 17.6%. Situation in different regions of the country is very different. While in the West of the country the percentage of people in poverty is also increasing, it's significantly lower than in the East. The difference between in most

<sup>56</sup> Source: Legal Aid Centre, Annual Report 2023, <https://www.centrumpravnejpomoci.sk/files/O%20n%C3%A1s%20-%20Z%C3%A1kladn%C3%A9%20dokumenty/V%C3%BDro%C4%8Dn%C3%A9%20spr%C3%A1vy/VŠ%202023%20final.pdf>

and the least developed regions (Bratislava and Prešov region) is extremely high: 7.7% vs 22.6% (see below) although the poverty in Bratislava region also increased a lot during last 4 years (3.7% to 7.7%):



Source: EU SILC 2023, Slovakia

Providing support for over-indebted individuals is mostly concentrated in the network of 46 offices of the Free Debt Advisory system, located across all the country. This system was established by the Ministry of Labour, Social Affairs & Family of the Slovak Republic. Free Debt Advisory is organized as a separate department of the Central Office for Labour, Social Affairs & Family. Free Debt Advisory staffing is now over 180 employees. Each local office has 4 staff members: front- and back-office administrator, lawyer, economist, and psychologist.

The core idea behind this organization is in integrated provision of counselling by all 3 professions, i.e. analyse each case by from legal, financial and psychological point of view, communicate about the case from all 3 professions aspects, and then provide the support together like a joint council of three experts. Slovak debt advisory providers believe that if some client face more than one debt, there must be some economical and/or budgetary reason behind it, and even the best economic advice will not be followed if the psychological motivation of the debtor is inappropriate. There are still many clients who refuse the psychological advisory in the first stage, being confused that they would be treated like if facing mental disorders. It's the role of the debt advisory staff to convince them what is the added value in speaking to the psychologist. Many clients also don't understand why to go for economic advice – they believe their issue is strictly legally based, and no one else than lawyer is needed. The counsellors are



trained how to explain to such a client that debt advisory results must be sustainable while legal advice represents only the first aid in debt crisis. There were 4 different functional models built how to combine 3 experts involvement into debt advisory for different types of cases.

Many clients come with sticking on the idea of go for personal bankruptcy, and it's again the role of staff to explain to them if insolvency proceedings are eligible for their specific case, if the type of debt faced by the client is even impacted by personal bankruptcy and analyse if the debt is high enough to go for this last instance solution.

Approximately 20,000 clients reached-out to debt counsellors of the Slovak Free Debt Advisory sites since they were established (in average it's expected that approx. 10,000 clients per year can be interested in this type of free social service). Approximately 30% of cases were successfully closed (either with significant reduction and/or full elimination of client's debt).

All counsellors, besides their educational background and min. 3 years of relevant experience, pass the special training lasting 154 hours, which is organized in 7 blocks. First two blocks focus on general aspects of advisory and consulting, as well as the overview of debt advisory process and the roles of different counsellors. Next 3 blocks are provided separately for lawyers, economists, and psychologists – these blocks are going to the details of each profession expertise. Last two blocks are cross-professional, e.g. lawyers will learn the basics of economic and psychological debt advisory, etc.

Free Debt Advisory network broadly cooperates with different institutions and organization who deal with indebted people from different aspects. Some of these organizations are focused on financial consumer protection (National Bank of Slovakia, Ministry of Finance), other represent alternative free support provided by the government (Legal Aid Centres under the Ministry of Justice, Information Offices for Crime Victims under the Ministry of Interior, etc.), but many of collaborating organizations are representing the side of creditors (Slovak Banking Association, Association of Slovak Collection Agencies, Slovak Chamber of Executors) – success in debt counselling is more probable, if debtor and creditor collaborate. There's business interest of creditors behind it – they want to avoid the personal bankruptcy of the debtor (to prevent losing all the money) the same way as Free Debt Advisory does. Other co-operating organizations help to find appropriate clients – e.g. municipalities, non-governmental organizations in regions, etc.

Besides the Free Debt Advisory network mentioned above, the support to over-indebted people is also provided by several other organizations. There is a system of Legal Aid Centres under the Ministry of Justice with 15 offices across the country, providing free-of-charge legal aid to the individuals with the low income and no property, assigning them to commercial lawyer who can represent them in court trials for free (and then being paid from the governmental sources), and these centres are

also the single point-of-contact through which individuals are allowed to go for personal bankruptcy. There exists also the system of Information Offices for Crime Victims under the Ministry of Interior – this system offers the support to all victims of crimes, i.e. also to victims of financial fraud and other financial crime. Slovak Chamber of Executors (bailiffs) established 11 years ago the advisory office for supporting the individuals under execution (legal enforcement of court decision to pay). They provided the advice so far to more than 10,000 clients although having only one office in Bratislava. Financial consumers can raise their debt-related complaints also to the Financial Consumer protection departments of the National Bank of Slovakia and/or Ministry of Finance. Non-financial consumers are protected by the wide range of country-wide and regional consumer protection organizations, mostly private ones. People in poverty and other low-income classes are covered by the wide range of non-governmental organizations who can either help them materially and/or financially or support them with valuable advises. Free Debt Advisory network is cooperating mainly with the NGO named Cesta von (The Way Out) withing their program Filip, focused on selected Roma minority families to improve their family economy and to help them to get rid of the debt. And of course, many regional organizations organized as foundations, charities and/or within the framework of some church, are supporting the indebted people different ways as well.

## PANEL DISCUSSION AND CONVERSATION WITH THE PUBLIC



### Morning question and answer session

- 1) ***Q. for Joeri Eijzenbach (Netherlands): In Belgium, the duration of a collective debt settlement plan is 5 to 7 years. In the Netherlands, the maximum duration of a repayment plan is 18 months. In practice, do debtors have the means to repay their debts in full?***

This depends on the amount of debt. If this is not possible, the debtor is granted a debt remission for the balance (except for irreducible debts). This 18-month period has been tested. Initially, a transitional period of 36 months was tried, followed by a period of 12 months, before finally settling on a period of 18 months.

For the duration of the plan, the debtors' incomes are identical.

It has been concluded that the shorter the duration of the plan, the greater the certainty that the debtor will comply with the plan.

- 2) ***Q. for Elisa Dehon (Belgium): The statistics show a sharp fall in loan defaults. Is this due to stricter lending conditions?***

This is one of the reasons, but not the only one. I invite you to consult our study which details other possible explanations "[Le crédit à la consommation en Belgique: analyse](#)

[économique et juridique", E. Dehon, V. Sautier and S. Thibaut \(October 2023\)](#). It should be borne in mind that Belgium has very protective consumer credit legislation compared with the rest of Europe.

**3) *Q. for Luca Rizzitano (Italy) and Joeri Eijzenbach (Netherlands): Which judge has jurisdiction in cases of over-indebtedness?***

In the Netherlands, it is a special chamber of the civil court.

In Italy, it is the chamber that deals with debtor/creditor disputes and liquidations in the civil court.

**4) *Q. for Joeri Eijzenbach (Netherlands): The very short duration of a plan (18 months) has a major impact on debt repayment. Are the creditors willing to negotiate? What difficulties do debt mediators encounter in negotiating with creditors?***

Creditors negotiate even if they do not agree with the duration of the repayment plan. Whether out of court or in court, the maximum legal duration of a plan is 18 months. They are therefore obliged to accept.

**5) *Q. for all speakers: What are the causes of over-indebtedness in your various countries? Are there any preventive measures in place?***

In Italy:

- The main causes are lack of financial education and life accidents (job loss, divorce, illness...).
- There are no financial education or prevention initiatives in schools or among the general public.

In the Netherlands:

- Before, the main cause was "overcredit".
- Currently, the majority of over-indebtedness cases involve "survival" debts (consumer, energy, healthcare debts, etc.) and gambling debts with "BNPL".
- There are no prevention or financial education initiatives in schools or among the general public. It is important to invest in financial education.

In Belgium:

- The main causes are insufficient income, life accidents (death, divorce, job loss, illness) and lack of financial education. It's important to note that there is no single cause of over-indebtedness; it is generally a combination of several factors.
- We are seeing a reduction in credit-related debt and an increase in debt related to day-to-day living (energy, water, taxes, etc.).

- Action to prevent over-indebtedness is being taken in schools and among the general public (OCE and CR), but there is a lack of an overall view for the whole of Belgium and a degree of coordination.
- We also note a lack of information about the procedures and means available for requesting help, and a lack of an overall view of the debtor's financial situation.

**6) *Q. for Joeri Eijzenbach (Netherlands): The average debt is €36,000. What proportion of this amount is repaid? How do small private creditors cope with this meagre repayment?***

The average repayment is between 0% and 10%. Creditors know this. Legally, they are all equal and therefore all receive this proportional repayment. Smaller creditors are obviously not happy. Politicians are discussing the possibility of compensating small creditors for this financial loss.

**7) *Q. for Joeri Eijzenbach (Netherlands): In over-indebtedness cases, you see an increase in gambling-related debts. What is the situation here? Do you also see a link between debt and mental health?***

Many cases involve gambling debts (some 400,000 people). Many young people gamble online using Bitcoins or "Buy Now Pay Later".

There is a link between over-indebtedness and mental health. We see that addictions lead to over-indebtedness. We also see that the stress associated with a lack of money causes debtors to make non-rational choices.

Luca Rizzitano - In Italy, there are counselling and support services for people with gambling addictions. These people are very often in debt and believe that online gambling could help them to get out of debt through substantial winnings.

**Panel discussion and question and answer session with the public: afternoon**

**8) *Panel: Do you admire the procedures in other countries? What do you find valuable in other procedures?***

Joeri Eijzenbach (Netherlands) admires the Olympic approach of the Slovak system. Debtors are involved in their over-indebtedness procedure from the outset. He also envies the quality and quantity of statistics available in France.

Luca Rizzitano (Italy) - We should take inspiration from the training provided in other countries for professionals dealing with over-indebtedness. This might make it possible to introduce new, more effective procedures. He stresses the importance of financial

education and better information for consumers on existing procedures. Debtors do not take the necessary measures in time, and it is often too late when they decide to seek help. He envies the French system and the quality of their statistics.

Hélène Tanguy (France) - Information and prevention are very important. It would be useful to promote a partnership between all the players in the field. She admires the Slovakian system where the psychological aspect is taken into account in the procedure through collaboration in cases between a lawyer, an economist and a psychologist.

Elisa Dehon (Belgium) admires:

- the coordination and quality of the French statistics;
- the Slovakian system, where the psychological aspect is taken into account in the procedure through collaboration on cases between a lawyer, an economist and a psychologist;
- the time-frame of the procedure in other countries where debts are written off more quickly.

Peter Daniel (Slovakia) admires:

- the history of over-indebtedness in the Netherlands, where it has been taken into account for 100 years;
- the role played by national banks in processing and statistics, as in France.

He stresses the importance of financial education, improving information for citizens and placing particular emphasis on young people.

**9) *Panel: In which country is it better to be a debtor or a creditor? Where is the happy medium between creditor and debtor? In what way does the financial situation play a role here?***

Peter Daniel (Slovakia) - It depends on what the debtor is looking for. It is normal for the creditor to receive what they are owed and it is normal for the debtor to pay what is morally right, so no excessive and/or unjustified costs.

Hélène Tanguy (France) - The debtor manages their own assets during the over-indebtedness procedure. They collect their own income and pay their own expenses and liabilities in accordance with the instructions set out in the over-indebtedness plan. If the debtor has valuable assets that the commission requires to be sold, the debtor is responsible for selling them. If the debtor does not comply with the measures recommended by the commission, they may lose the benefit of the procedure.

The only exception is the personal recovery procedure with judicial liquidation (very rare in France) under which, if the debtor's assets are ordered to be liquidated, the debtor is relieved of the disposal of their assets. The liquidator, appointed by the judge, will then

sell the assets that have a market value and whose sale does not entail disproportionate costs.

Sabine Thibaut (Belgium) – It is very important to centralise and coordinate the filing of data, as is done in France.

Joeri Eijzenbach (Netherlands) – Asset data is supplied by the local authorities. It would be useful to centralise all the information in a single database.

Luca Rizzitano (Italy) – A fair balance must be struck between the consequences of non-payment by the debtor and compensation for the loss suffered by the creditor.

**10) Panel / Q. for H el ene Tanguy (France): We are seeing a clear increase in rent debts at the Brussels CPAS. In France, your statistics show that 41% of rent debts have been written off.**

The cancellation rates are 9% for property debts, 31% for consumer debts, 41% for housing debts and 44% for non-housing utility debts.

This difference in cancellation rates between housing and property debts can be explained by the fact that the lower the income, the higher the proportion of housing debts in overall debt.

Given the specific structure of their claims, the different categories of creditors are not exposed to debt write-offs in the same way. The rate of debt forgiveness is:

- 25% for financial groups or groups controlling a credit institution, the vast majority of which carry mortgages (9%) and consumer loans (31%);
- 51% for social housing organisations, both public and private;

An experiment is underway in France: Aide Budget. The aim of this budget support scheme is to facilitate the early detection of financial difficulties experienced by certain sections of the public, by mobilising different categories of players – banking establishments, energy suppliers and social landlords – in a cross-disciplinary approach. The aim is to identify situations of financial fragility as early as possible and provide appropriate support. The scheme has been launched in 12 pilot *d epartements*

**11) Panel: Does the right to an account exist in your countries?**

H el ene Tanguy (France) – The right to hold a deposit account is a fundamental principle of French law: Article L312-1 of the Monetary and Financial Code.

A bank that refuses to open an account must provide the applicant with a certificate of refusal without delay. With this document (or proof of the action taken within 15 days),

the applicant asks the Banque de France to implement the right to an account procedure. The Banque de France will designate a bank to open the account and provide access to basic banking services free of charge. The designation must be made within one working day of receipt of the required documents. The bank must open the account within 3 days of receiving all the supporting documents.

Sabine Thibaut (Belgium) - This is the basic banking service, a minimum service that is not necessarily free. If you are refused, you can lodge a complaint with the FPS Economy and with the Financial Services Ombudsman, who will issue a binding recommendation.

Joeri Eijzenbach (Netherlands) - There is also a minimum banking service.

Peter Daniel (Slovakia) - Also in Slovakia.

Luca Rizzitano (Italy) - Italy too.

**12) *Panel: The Belgian collective debt settlement procedure stipulates that certain debts are irreducible (maintenance debts, criminal fines, compensation for personal injury). What is the situation in your countries?***

Peter Daniel (Slovakia) - irreducible debts are also provided for, such as debts related to a crime.

Joeri Eijzenbach (Netherlands) - In the Netherlands too. Debts linked to a crime, social loans, student loans, certain specific loans, etc. For these debts, a repayment plan is provided for beyond 18 months.

Hélène Tanguy (France) - Also in France. Alimony debts, criminal debts, suretyship debts, pledged debts, debts paid on your behalf by a guarantor.

**13) *Panel: What about the situation of sureties in your various countries?***

Sabine Thibaut (Belgium) - A guarantor may benefit from a discharge in the case of guarantors who are free of charge (do not make a profit), in the event of disproportion between income and credit...

Joeri Eijzenbach (Netherlands) - There are no specific regulations for guarantors. Guarantors sign on a personal basis and the consequences of default are the same as for the lender.

Peter Daniel (Slovakia) - The deposit system does not exist.

Luca Rizzitano (Italy) - The consequences of default are the same as for borrowing.



**14) Panel / Q. For Pieter Daniel (Slovakia): Dealing with over-indebtedness is carried out by a multidisciplinary team, i.e. a lawyer, an economist and a psychologist. What is their role in the case, an advisory or management role?**

This enables an overview to be formed of the exact situation:

- the debtor's profile,
- their level of education,
- their level of understanding,
- their involvement in communication.

Some debtors do not agree to collaborate with this "trio" because they do not want their information to be shared.

If their level of understanding is good, debtors receive free legal advice. The Bar Association is opposed to this. They want to keep the monopoly on legal advice, especially as this advice is free.

**15) Panel / Q. for Elisa Dehon and Sabine Thibaut (Belgium): NC admire the quality and quantity of statistics available in France. Will the "JustRestart" platform enable us to have statistics of this quality?**

Elisa Dehon (Belgium) - The sole purpose of this platform is the digital management of collective debt settlement cases. There are currently no plans to produce statistics.

**16) Panel: Do you have any statistics on "relapses"? Is it possible to initiate over-indebtedness proceedings more than once?**

Hélène Tanguy (France) - It is possible to introduce a new procedure several times. We carried out a study of cases filed by households for the first time between 1 January 2017 and 31 December 2019 with an over-indebtedness commission, and who filed a second case in the following three years. The following have re-filed within three years of the date of their first filing:

- 36% of first-time filers who benefited from standstill measures - moratoria/suspensions of payment of claims (36%) or other standstill measures (35%);
- 19% of first-time filers who benefited from permanent measures, with partial debt write-off (16%) or no debt write-off (21%);
- 4% for first-time depositors who have benefited from a personal recovery measure (total write-off) with or without judicial liquidation.

Sabine Thibaut (Belgium) - We have no statistics on the relapse rate. It is possible to introduce a new procedure. There are no time limits except in the case of revocation (5 years).

Joeri Eijzenbach (Netherlands) - We don't have any statistics on the relapse rate. A debtor can initiate new proceedings every 2 years. We currently find that the average period is 3 years.

Peter Daniel (Slovakia) - We have no statistics on the relapse rate. It is possible to introduce a new procedure within 10 years.

Luca Rizzitano (Italy) - We have no statistics on the relapse rate. It is possible to introduce a new procedure several times. There is no legal time limit.

### **17) Comments and remarks**

- The cost of the collective debt settlement procedure is borne by the debtor, which increases his indebtedness. If the mediation account is insufficient to pay the costs, the court may charge them to the FPS Economy Fund (max. EUR 1,200). *A possible solution? Find new contributors (e.g. energy and telephone suppliers, debt collection companies, etc.) to increase the FPS Fund so that it automatically covers the costs of the collective debt settlement procedure?*
- Today, having a job no longer protects you from over-indebtedness and poverty.
- What are the consequences of over-indebtedness for debtors' mental and physical health?
- One of the effects of eligibility for the collective debt settlement procedure is the equality of creditors. However, for small creditors (such as private landlords), the financial losses caused by debt remission have a significant impact on their assets and budget. One of the aims of the collective debt settlement procedure is to enable the debtor and their family to live in dignity. But this should not be at the expense of small individual creditors, who sometimes also make sacrifices for their financial health!

## CONCLUSION



*Caroline JEANMART  
Observatoire du Crédit et de  
l'Endettement*

We have come to the end of this day, filled with valuable insights and engaging discussions. It is truly a pleasure to conclude an event that has brought together diverse national perspectives, enabling the exchange of expertise and fostering meaningful dialogue among professionals, even those with differing viewpoints.

As we said in the introduction, we had multiple objectives for the day:

- to focus on a number of European countries;
- to understand other models for dealing with over-indebtedness, examine them and, why not, draw inspiration from them;
- to explore the latest advances beyond our borders;
- to provide some food for thought on the transposition of the new European directive on consumer credit.

In my opinion, these 4 objectives have been met.

### **1. Findings and recommendations**

I'd like to close this day by returning to some of the observations and recommendations made by the various speakers. They are closely linked. Given the difficult weather conditions, I'll be fairly brief.

### ***a) Cross-functionality and partnerships / cooperation / coordination***

During this afternoon's panel discussion, the importance of considering the multi-factorial nature of financial difficulties was emphasised. Support systems for individuals facing over-indebtedness should offer psycho-social, legal, and economic assistance, which they can access selectively based on their personal experiences or the stage they are at in the process.

Moreover, dealing with over-indebtedness requires dialogue and mutual understanding between all the parties involved (creditors, debt collectors, mediators, debtors, public policymakers, social aid providers, etc.). A lack of knowledge about other actors delays progress, hinders effective communication, and limits the exchange of critical information. And yet, these are the keys to a successful debt mediation process.

The public authorities have a role to play in ensuring the effectiveness of the system. Given the institutional complexity of each country, it is essential that the various levels of government work together to ensure that the procedures for dealing with over-indebtedness are as simple, clear and effective as possible.

One of the Observatory's recommendations, which has been echoed here today, is that reforms should be approached in a holistic, cross-cutting, and collaborative manner across all levels of government. It makes no sense, for example, to reform a procedure for dealing with over-indebtedness without revising related processes such as debt recovery systems, addressing the structural insolvency of certain households in debt, or tackling issues such as failure to exercise rights and the digital divide.

As S. Thibaut reminded us, over-indebtedness must be viewed as a continuum: people's attention should be engaged from the moment they receive a bill or make a financial commitment, right up to the point of serious financial difficulties. Information, prevention and treatment measures must be considered at each of these stages.

### ***b) Training***

From one country to another, the training requirements for "advisers for people who are (over)indebted" vary. In some countries, they do not exist at all. It is essential that all stakeholders (creditors, debt collectors, debt mediators, counsellors, etc.) are trained in the specific problem of over-indebtedness. Ideally, this training should include all aspects (economic, legal, psychological and social).

### ***c) Prevention of over-indebtedness and financial/legal education***

At every stage in life, it is essential that people receive useful, relevant and easy-to-understand information about financial education. However, this information is even

more important at key moments when there is a change in financial situation (increase in expenses or decrease in income).

During the presentations and discussions, the importance of "legal education" was highlighted as a complement to financial education. Indeed, many citizens are not informed about the legal aspects of everyday life.

Schools are often mentioned as a major player in this financial education, but they are not the only option, and it would be illusory to try to put everything down to the schools. I like to take the example of information given about taking out a mortgage. Let's imagine that all secondary 5<sup>th</sup> year students receive information and advice based on the assumption of taking out a mortgage. This advice may be as clear and relevant as possible, but when the student in question is eventually required to take out a mortgage years later, he or she will no doubt no longer remember the advice given. It would therefore be useful (at these key moments) to give them easy access to clear, easy-to-understand information.

#### ***d) Understanding the problem in order to prevent and address it***

There are various indicators of poverty, and we have presented some of them. In my opinion, there is an urgent need to create a composite indicator of over-indebtedness, particularly at the European level.

Furthermore, the Member States (and Belgium is no exception) do not have up-to-date data on the financial difficulties of households. Keeping data up to date is complex: some is published regularly, covering the previous year or even the previous quarter, while other data is published annually, a few years later. Yet successive crises have shown the need for reliable, aggregated and up-to-date data in order to be able to take appropriate and targeted measures. It is essential to ensure the consistency of the data recorded, the use of common codes, similar definitions of the terms used and common categories in terms of socio-economic indicators.

For prevention to be effective, it is also essential for the public authorities to commission studies into the factors that trigger financial difficulties, but above all into their combination within the same life course. The question to which we do not yet have a documented answer is the following: how can we explain that if you take two households with similar socio-economic characteristics, identical family and professional situations and the same 'life events', one can be in a situation of over-indebtedness while the other is not?

### **e) *Procedures for dealing with over-indebtedness rather than situations of structural poverty***

Poverty and over-indebtedness are two closely related issues: their causes and consequences can be identical. Over-indebtedness can lead to poverty, and poverty can lead to over-indebtedness. However, as we know, over-indebtedness can affect a variety of profiles and backgrounds that have nothing to do with poverty.

While poverty is one of the causes of over-indebtedness, the procedures for dealing with it are inadequate. The fight against poverty calls for specific measures, distinct from those to deal with over-indebtedness, which include raising minimum incomes above the poverty thresholds. It is important that policymakers also protect insolvent families and individuals when they take on debt for basic needs and services.

In addition, it would be useful to reflect collectively on the appropriateness of civil bankruptcy in very specific cases.

### **f) *Over-indebtedness and health***

As all the speakers have pointed out, one major problem is the physical and mental health of people in situations of over-indebtedness. There is little data available to provide debt mediation professionals with concrete information on this issue.

### **g) *Evaluation***

A multitude of schemes have been set up to prevent people from getting into financial difficulties or to help people who are over-indebted. Very few of them are evaluated objectively, i.e. taking into account all the parties involved, the cost of the measures, etc.

This list of findings and recommendations is far from exhaustive. It does, however, suggest some practical ways forward in the fight against over-indebtedness.

## **2) Acknowledgements**

I'm going to end with a word of thanks. Not just a formality, but a heartfelt thank you.

I would like to extend my sincere thanks to all the speakers for their participation in the various preparatory meetings, their commitment and the quality of their contributions. Each of you has helped us gain a deeper understanding of the realities in your respective countries.

Thanks to Michel Forges for moderating, you struck the perfect balance in your role as both a facilitator and commentator.

Thank you to Vincent Magnée for making it possible for us to use this auditorium and for your wholehearted commitment to the association.

Thank you to all the participants. We were fortunate to bring together participants with a wide range of backgrounds and approaches.

Thank you to the interpreters and staff of the NBB.

I can't finish without giving a nod to Robert Geurts, Pierre Dejemeppe, Françoise Domont, René Kalfa, Alain Beele and others who have given so much to the Observatory

A very big thank you to the Observatory team, who spare no effort on a daily basis to keep this wonderful non-profit organisation alive. Special thanks to Elisa, Sabine and Sylvie.

I usually end with the team, but not this time. After all, you don't celebrate 30 years every day. I would like to express my heartfelt thanks to the 14 board members and 8 other members of the Observatory. You have succeeded in making this non-profit organisation into a body that serves the public good and, through your consistent decisions, you enable it to thrive and grow while providing the trust that is so essential for the team and its leadership.

