

# Advice on debt in Switzerland – Or assistance against the obligations to the social welfare state?



## The situation in Switzerland

- The counseling of indebted people in Switzerland is characterized by the fact that there is no residual debt relief.

### **consequence:**

- A solution of Debt is only possible with good and secure income
- Poor people are often not advised by debt counseling services
- Similarly not the elderly or poor people with debts

## The most common debt

- The most common debts in Switzerland are taxes and health insurance contributions.
- People themselves have to pay taxes and health insurance not the employers

## And the welfare state?

- People in poverty can only learn how to live with their debts
- They have no perspective
- But the welfare state pays important debts on a considerable amount (social benefit) for
  - open rental charges
  - open health insurance liabilities
  - unpaid medical examinations
  - not received taxes

## **Savings by debt counseling for the welfare state?**

### Analysis of Debt Advisory Files in Berne (2013)

40 cases/consultant

Government-paid debts of 917,000 francs / 840,000 euros

Cost of a consultant per year 120,000 / 110,000 francs

If only one-third of the claims which the state has to pay (305,000 francs / 280,000 euros) can be prevented by counseling

Debt counseling is calculated by a factor of 1 to 2.5

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