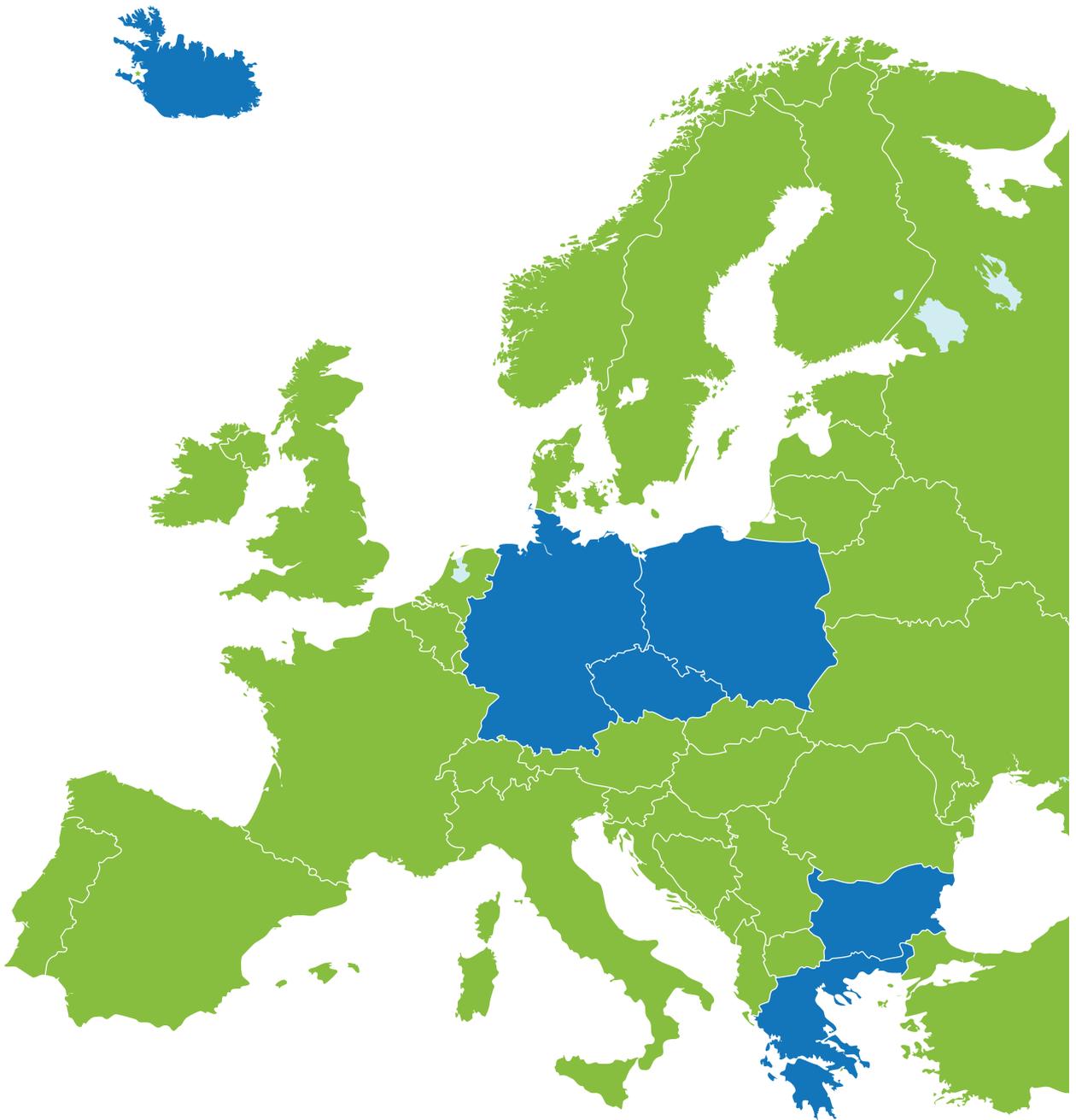


# MONEY MATTERS

no 14 | 2017

**European developments  
regarding bankruptcy  
financial education  
and a life without cash**





In the last issue of Money Matters (No 13) I expressed my hope that we can report in MM-issue No 15 which ways of debt advice are most promising. This intention can only partly be fulfilled. We saw last year at our Bratislava conference that only a few countries have already now some kind of SROI (social return of investment) measurements. These are Germany, The Netherlands, Austria and UK. There is still a big need for a refined, standardized method in Europe. More scientific and funding activities should be put into the development of such a method. There is no question about the social impact of debt advice. But it is necessary to prove it by figures, statistics and qualitative information.

One of the major programs of the OECD is the promotion of financial knowledge, skills and behavior. But on the other hand support of the further development of money and budget advice services in most of the European countries is essential. The country reports of Bulgaria, Czech Republic, Greece, Iceland and Poland demonstrate the big need for debt advice. Especially the Greek example opens our eyes that financial literacy does not help when 25% per cent of the population are unemployed and the salaries are dropping down by 40-60 per cent. Low cost orientation and flexible working schemes blow reasonable private household budgets away. In such a situation everybody –even financially skilled people- would have difficulties to serve the loans. In Greece, no money or debt system was in place. Just recently, a new law established a Governmental Council for Private Debt Management Greece is a very sad example that the austerity policy of the European Union is not effective when a country is brought into chaos by the irresponsible lending practice of the banks.

Especially the banks, even some National Banks, and the cardholder companies regard the denial of cash as a way to guarantee financial inclusion. But this is an illusion. The summary of a workshop during the Bratislava conference was that there is a variety of vulnerable groups which will suffer in the so-called ‘cashless society’. Not inclusion but exclusion is the probable effect for them. Respect of privacy and data protection are additional subjects of concern. Furthermore, cashless transactions in a ‘cashless society’ will be costly. Thus the banks and the cardholder companies get a new profitable income field because a fee has to be paid for each transaction. In contrast to today where no fee is charged if somebody pays with cash.

It can be regarded as a step forward in the protection of consumers that new laws in Czech Republic, Greece and Iceland have been implemented in the last years. In Czech Republic a change to the Credit Consumer Act and the Insolvency Act was achieved. In Iceland a new law on financial aid for bankruptcy proceedings was set into place in 2014. But there is still a lot to do.

*Dieter Korczak*  
*ECDN President*  
*May 2017*



# Cashless Societies: Do they have advantages for consumers?



by:  
Dieter Korczak



The session on “cashless society” was one of the major events of the ecdn conference 2017 in Bratislava. It was especially discussed which consequences the abolition of cash might have on consumers. The abolition of cash is not just a theoretical idea of some economists. No, it is a global strategy to get more knowledge about and influence on people’s behavior.

## The ‘Better Than Cash Alliance’

The leading actor and main driver to a cashless society is the ‘Better Than Cash Alliance’ (founded in 2012). This is a partnership of governments, companies, and international organizations which claims to accelerate the transition from cash to digital payments in order to reduce poverty and drive inclusive growth. The Alliance is funded by the Bill & Melinda Gates Foundation, Citi Foundation, Ford Foundation, MasterCard, Omidyar Network (PayPal), United States Agency for International Development, and Visa Inc. The United Nations Capital Development Fund serves as the secretariat.

It should be noted that the Bill & Melinda Gates Foundation already 2015 announced that they were aiming to achieve a full digitalization of the payment systems of India and other populous developing countries by 2018. The idea of a cashless society was heavily supported by Kenneth Rogoff and Larry Summers. Rogoff, Harvard professor, stated in his book “The curse of cash” (2016) that cash facilitates tax evasion, corruption, terrorism, drug and human trafficking and shadow economy. Furthermore he sees an important role of cash in the employment and payment of illegal immigrants. He believes that in a cashless society these kinds of problems can be controlled and avoided. In his opinion the first step in the United States should be to withdraw the 100 Dollar bills from circulation because the 100 Dollar bills come to 80 percent of the circulating money. Larry Summers, Harvard professor and former Chief of the National Economic Council in the Clinton administration supports Rogoff’s ideas. Additionally he argues the withdrawal of the 100 Dollar bills helps to push through negative interest rates. The European Central Bank decided to stop the issue of 500 Euro bank notes by the end of 2018.



It is quite interesting which countries are members of the 'Better Than Cash Alliance':

- from Africa Ethiopia, Benin, Ghana, Kenya, Liberia, Malawi, Rwanda, Senegal and Sierra Leone
- from Asia Afghanistan, Bangladesh, Fiji, India, Jordan, Nepal, Papua New Guinea, Pakistan, Philippines and Vietnam
- from Latin-America Dominican Republic, Colombia, Mexico, Peru, Uruguay
- from Europe (only ! ) Moldavia.

## India as test market

Even more interesting is to see how India became Bill Gates' guinea pig. Speaking for the Bill & Melinda Gates Foundation at the "Financial Inclusion Forum" in Washington, organized by the Treasury Department and USAID on December 1, 2015, Bill Gates said:

"Full digitalization of the economy may happen in developing countries faster than anywhere else. It is certainly our goal to make it happen in the next three years. We have very significant efforts in Nigeria, Pakistan and India, (and) a dozen other countries, where we work with the central banks to make sure that the right kind of transaction switch is available...We work directly with the central bank there (India) over the last three years and they created a new type of authorization called the payments bank, and those customers will be able to use their mobile phones to perform basic financial transactions."

The vision of Bill Gates goes even further. At the same meeting he stressed, how useful a standardized biometric and digital identification system would be, as it would make it easy for payment providers and governments to identify their (prospective) customers.

"Again India is an interesting example of this. There, the Aadhaar system, which is a 12-digit-identification that is correlated to biometric measures, is becoming pervasive throughout the country. This will be the foundation for how we bring that switch to every mobile phone in India...If you move from one part of the country to another, you will be well tracked and served."

The field experiment in India started with no official preparatory announcement at November 10, 2016. From one day to the other the Indian Government declared all bills with a value of more than 100 Rupees (~ 1,37 Euro) void. By this the use of 80 percent of the cash was forbidden. New bills with the value of 500 (~ 6,85 Euro) and 2000 Rupees (~ 27,40 Euro) were very slowly issued and only by the condition that all cash was paid into a bank account. The Government activity caused a big chaos and hit foremost the poor population and the farmers because it was the season in which they needed the cash to buy seeds. Just a week later the US-Bank Citigroup declared that they will not accept cash payments in their branches in Australia. Another day later the Swiss bank USB published an analysis, in which the Australian Government was demanded to follow the Indian example. Chase Bank in the US has banned customers, who want to repay the debt from credit cards, car loans and mortgage loans using cash.

## The cashless experience in Sweden

Already in 2008 the banks in Sweden reduced the cash money transfer. Sweden is –together with USA, Finland, Denmark, Netherlands, South Korea and Australia- one of the leading non-cash countries. In these countries the number of non-cash transactions per inhabitant peak up to 350 – 400 transactions per year (in 2014). At present 80 percent of all financial transactions are done by card purchases. There is a standardized fee for all transactions. Even donations in churches and contributions to beggars are done by a card reader machine. In 2012 still each third Swedish person explained that he/she still needs cash for payments. In 2016 the figure dropped to 15 percent. But the figures about the use of cash are somehow diverse. An interview survey conducted by the Riksbank in 2014, showed that a much higher number of consumers still used cash. 87 percent of respondents stated that they had used cash in the last month. According to a Riksbank report, the use of cards has increased rapidly in Sweden in recent years. In terms of the number of payments and total transaction value, cards are the most widely-used payment instrument for point-of-sale payments. Between 1998 and 2015, the number of card payments increased from 213 million transactions to 2,845 million per year. During the same period, the total value of these payments has increased from SEK 149 billion to SEK 916 billion. Debit cards are the dominating card type and stand for 84 percent of the number of card transactions. A specialty of Sweden is that cash, according to the Sveriges Riksbank Act, has a special legal status as so-called legal tender. In practice, this means that a person making a payment has the right to pay in cash unless otherwise agreed. However, "unless otherwise agreed" means that a shop or bank may decide itself whether to accept cash. It has to be noticed that the development towards less cash usage has largely been driven by market forces.

## Risks of cashless payments

A society without cash bears some risks. At the conference in Bratislava the following risks were seen:

- Vulnerable target groups, e.g. seniors, poor people, persons with precarious income, person with disabilities, migrants, do have difficulties in a cashless society because of restricted access to the financial system or due to low digital skills.
- For social workers and care people are difficulties seen regarding the payment of their services or care.
- Cybercrime is already existing and will increase in a cashless society. (e.g. just recently the malware attack against the British NHS and the involvement of the NSA)
- Cashless transactions make it easier to get into debts.
- Credit taking by mobile phones is often associated with high interest rates.
- In a cash payment, the claim is extinguished when the buyer pays the seller using banknotes or coins. No intermediary is required for such a payment and there is no time lag between the initiation and completion of the payment.
- The transaction fee represents an additional risk and financial burden for poor people. It can be increased by the financial providers at any time.



## Cashless Societies: Do they have advantages for consumers?

- Cultural differences and the cultural meaning of cash are not taken into account.
- It is necessary to have a functioning internet connection and skills to use digital tools in the right way.
- A breakdown of the internet connection or a damage of the credit card can cause a lot of irritation and trouble for the consumer/ card holder.
- Most accounts and cards do have payment limits. It is difficult to increase these limits when urgently required
- The financial industry and other services get in a cashless society the possibility to construct extensive personal profiles of consumers.
- There is no protection for the consumers in case of an insolvency of a provider or financial institution.
- There is no regulated data protection for the data and profile of consumers regarding their transactions, expenditures and in general their privacy.
- In case of problems of the state finances governments can easily raise additional tax on assets. (This happened e.g. in Cyprus 2013. A so-called 'emergency tax' was taken, ranging from 6,7 percent to 9,9 percent interest rate.)
- Cashless transactions do not increase financial inclusion and do not fight effectively against e.g. terrorism, shadow economy, money laundering, drug and human trafficking etc.
- In a cashless society financial transactions can be easily controlled and blocked.



Copper Katanga cross, payment means in Central Africa, 19th century

mobile phone contracts that consumers do not get a written contract on paper. Thus, the contract conditions can become easily forgotten or worth discussing. The everyday use of the electronic devices can be another source of incomplete documentation of transactions and debt. Messages, invoices and reminders can be easily deleted or be put in the spam filter by mistake.

It is obvious that debt advisers have to get digital skills and competence during their training. So far the courses for social workers at universities and colleges are not prepared for the challenges coming from cashless transactions. And for those using already intensively digital transactions new applications have to be offered which enable a day-by-day complete control and budget summary of all transactions. The control of the available income, the assets, the expenditures, is an individual act which allows and guarantees autonomy. This belongs to the spheres of personality which should

be protected. "Cash is an enemy" – as US Treasury Secretary Tim Geithner stated. This is a very strange statement of Tim Geithner because as US Treasury Secretary he should know it better. He should know that only cash is central bank money. It is the only legal means of payment. This means that an economic value is represented by the banknote or coin. The fact that this value is inherent in the cash means that the debt between the buyer and the seller is directly settled when the banknotes and coins are handed over. The bank deposit money is only a promise for payment of cash on demand.

Finally it should not be forgotten that coins are historical and cultural

documents. Coins still have a material value (copper, silver, gold). They convey an insight into the cultural arrangements and the power structure of a certain historical period. They give identity to the people and nations (D-Mark, Lira, Pesetas, Crowns, Drachma etc.). They allow to use money in different ways, e.g. for transactions as well as for hoarding. Money is "minted freedom" as famous Russian writer Fjodor Dostojewski has pronounced.

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Due to these risks cashless transactions do not increase financial inclusion but the control of the population. Poverty will not be reduced but the autonomy of the people. There are no advantages for the consumer but a potential danger for the execution of human and civil rights

### Importance for debt advice

Would there be a need to change the practice of debt advice if we live in a society with only cashless transactions?

There can only be hope that creditors still need letters and standardized collection procedures to remind debtors about their defaults. Should this be done solely electronically it might be hard to get an overview about all different debts. At least the debt adviser has to be very skilled to comprehend the development of a person's debt and to get a complete overview. Already now it is common practice for



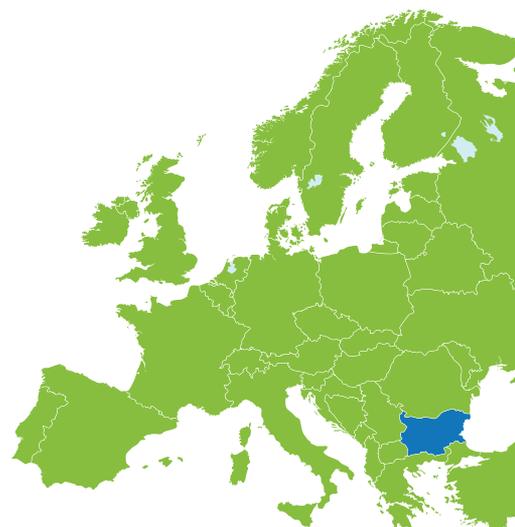
# Households indebtedness: State-of-the-art



By:  
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After joining the EU much has been done in Bulgaria in the field of harmonizing social practices, economic and financial indicators, terms and methodologies for gathering and analyzing statistical data about living conditions and standards, etc. A quick search in Google with keyword “over-indebtedness” returns 1270 matches. Unfortunately, most of them are associated with companies’ over-indebtedness and legal consequences according to Bulgarian Law of Commerce. One of the sources dealing with social inclusion / exclusion is the New Social Policy Strategy<sup>1</sup> developed by Bulgarian Ministry of Labor and Social Policy. A precise search through the document shows that over-indebtedness is not mentioned in the text as a term. The only citation which has something common with the topic is that the “... reliable welfare indicators are needed which will serve for strengthening the (inter)relation between the objectives of the economic growth and the state programs for reduction of poverty, inequality and economic uncertainty.” Over-indebtedness as a term usually can be found in literature alongside with the methods for estimating solvency of households. Few definitions which are not officially published are as follows:

*“Over-indebtedness represents a condition when a certain person is not able to cover his/her repayment contributions and delays with the payments”<sup>2</sup>.*



*“Over-indebted people are those adults, whose ordinary monthly expenses exceed their income and there are no more possibilities for taking new loans”<sup>3</sup>.*

There are secondary sources dealing with over-indebtedness but they are mainly scientific reports or project results as well as official EC documents translated in Bulgarian language, e.g. the Commission Regulation (EC) No 215/2007 of 28 February 2007 on implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC). The main available secondary data sources are presented in Table 1.

**Table 1. Main secondary data sources in the field of over-indebtedness and solvency**

Data source	Website	Data available	Type
Bulgarian National Bank	www.bnb.bg	<ul style="list-style-type: none"> <li>Loans to Nonfinancial Corporations, Households and NPISHs<sup>4</sup> by Amount Categories and Economic Activities</li> <li>Loans to Nonfinancial Corporations, Households and NPISHs by Amount Categories and Economic Activities</li> <li>Loans to Nonfinancial Corporations, Households and NPISHs by Type and Economic Activities</li> </ul>	<ul style="list-style-type: none"> <li>Both</li> <li>Quarterly data</li> <li>Data series</li> </ul>
National Statistical Institute	www.nsi.bg	<ul style="list-style-type: none"> <li>Consumer Confidence Indicator</li> <li>Poverty Research</li> <li>Loans to households</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Ad hoc</li> <li>Monthly</li> </ul>
Industry Watch	www.iwatchbulgaria.com	Wealth and the Finance Industry in Bulgaria	Quarterly
CreditCentre	www.creditcenter.bg	Variety of data about credits to households	Monthly

<sup>1</sup> <http://www.mlsp.government.bg/en/docs/strategy/index.htm>

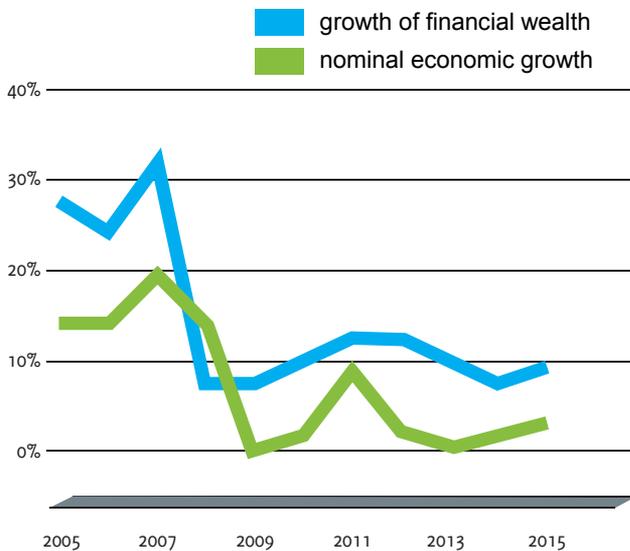
<sup>2</sup> <http://www.dolceta.eu/bulgaria/Mod4/spip.php?article222>

<sup>3</sup> <http://www.segabg.com/fixed/vrpl.asp?id=2313727>

<sup>4</sup> Households and non-profit institutions serving households

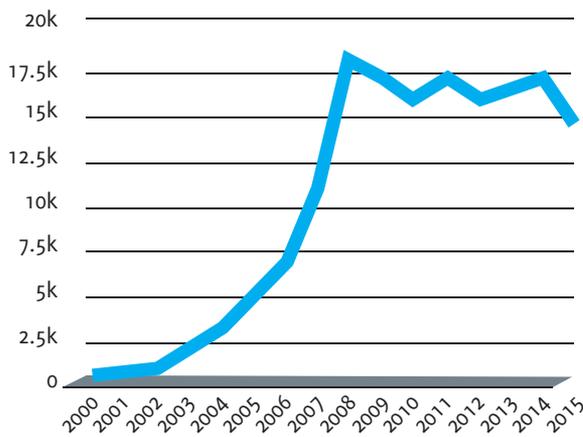


**Figure 1. Economic growth and financial wealth, Bulgarian households, 2005**



Source: Industry Watch (data provided by Bulgarian National Bank, National Statistical Institute), <http://www.iwatchbulgaria.com>

**Figure 3. Household Debt, Bulgaria, USD mn, 2000-2015**



Source: <https://www.ceicdata.com/en/indicator/bulgaria/household-debt>

Despite the financial crisis the growth rate of wealth of Bulgarian households is stable. According to the data provided by the Industry Watch the financial wealth of Bulgarian households during the last 10 years has increased twice as fast as the Bulgarian GDP (Figure 1).

Over the past 10 years households savings are long-term oriented, i.e. the horizon of savings is prolonged. In 2015 approximately half of the savings

of the population are with duration between 6 to 12 months. Every fifth deposit is signed for a period which exceeds one year (Figure 2).

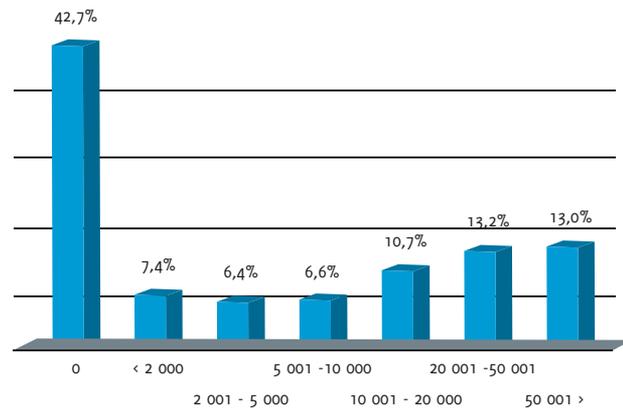
The so called sustainable savings continue to increase. It means that households are not planning to spend them in foreseeable future. Over the past 10 years the share of consumer loans decreased by up to 40% of all household loans in 2015. Debt on loans steadily increases in relative terms. In 2015 nearly half of the debts of Bulgarian citizens consisted of mortgages.

Bulgaria's household debt<sup>5</sup> accounted for 29.2 % of its Nominal GDP in December 2015, compared to the ratio of 30.5 % in the previous year. This trend reached its all-time high of 33.4 % in December 2008 and a record low of 4.2 % in December 2000 (Figure 3 and Figure 4).

Distribution of total amount of loans per household according to a survey conducted by the Economic Policy Institute (2014: 12) is presented in Figure 5.

Almost half of all indebted respondents (Belchev, 2014: 13) borrowed over 20 thousands BGN. Consumer credits, credit cards and mortgage loans are the most typical types of loans in Bulgaria. Consumer loans are used mainly to buy furniture, renovate dwellings or purchase an equipment.

**Figure 5. Distribution of households loans by total amount, %**



Bulgaria's Non Performing Loans Ratio<sup>6</sup> was 10.1 % in December 2016, compared with 11.4 % in the previous quarter. The data reached an all-time high of 16.2 % in June 2015 and a record low of 10.1 % in December 2016 (Figure 6).

Bulgaria's Domestic Credit<sup>7</sup> decreased by 3.3 % (calculated as year-over-year) in January 2017, compared with a decrease of 4.3 % (calculated as year-over-year) in the previous month (Figure 7).

<sup>5</sup> Bulgaria's household debt to GDP ratio is updated yearly, available from Dec 2000 to Dec 2015 (<https://www.ceicdata.com/en/indicator/bulgaria/household-debt>). CEIC calculates Household Debt as % of Nominal GDP from annual Household Debt and annual Nominal GDP. The National Statistical Institute of Bulgaria provides Household Debt in local currency and Nominal GDP in local currency. Household Debt includes NPISH (Non-profit institutions serving households).

<sup>6</sup> Bulgaria's Non Performing Loans Ratio is updated quarterly, available from Mar 2015 to Dec 2016 (<https://www.ceicdata.com/en/indicator/bulgaria/non-performing-loans-ratio>). Bulgarian National Bank provides Non Performing Loans and Total Loans in local currency. Non Performing Loans are defined as loans overdue more than 90 days. Non Performing Loans Ratio excludes loans extended to credit institutions. Non Performing Loans are compliant with Basel III reporting standards.



Figure 2.1. Bulgaria savings, USD, 1980-2013

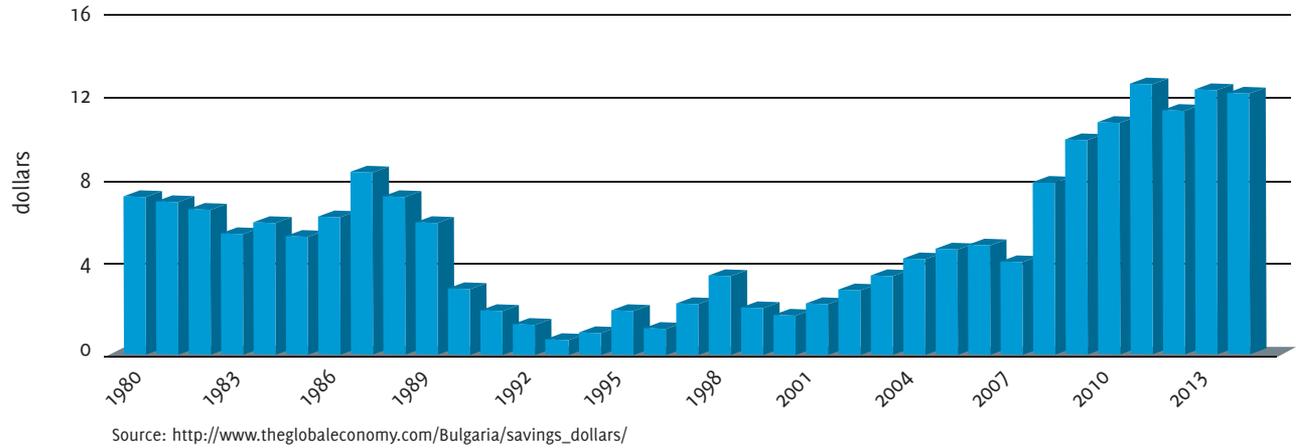


Figure 2.1. Bulgaria savings, percent of GDP, 1980-2013

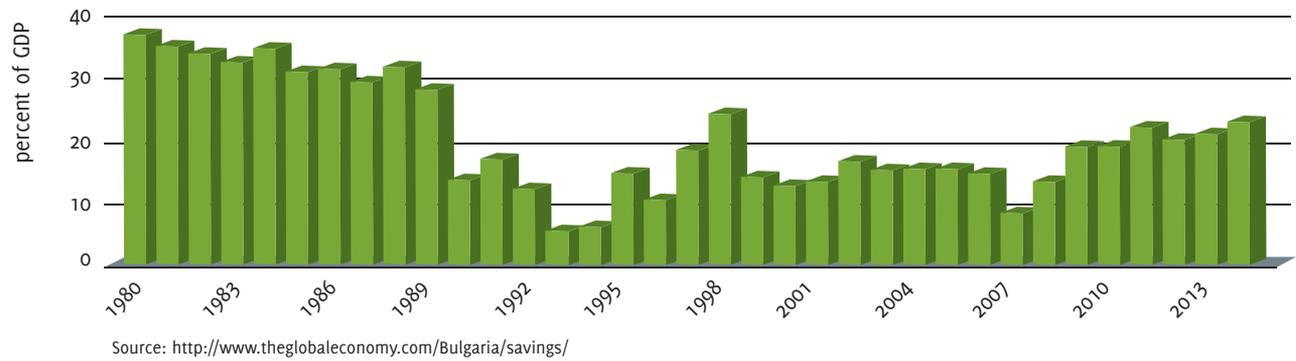


Figure 4. Household Debt, Bulgaria, % of Nominal GDP, 2000-2015

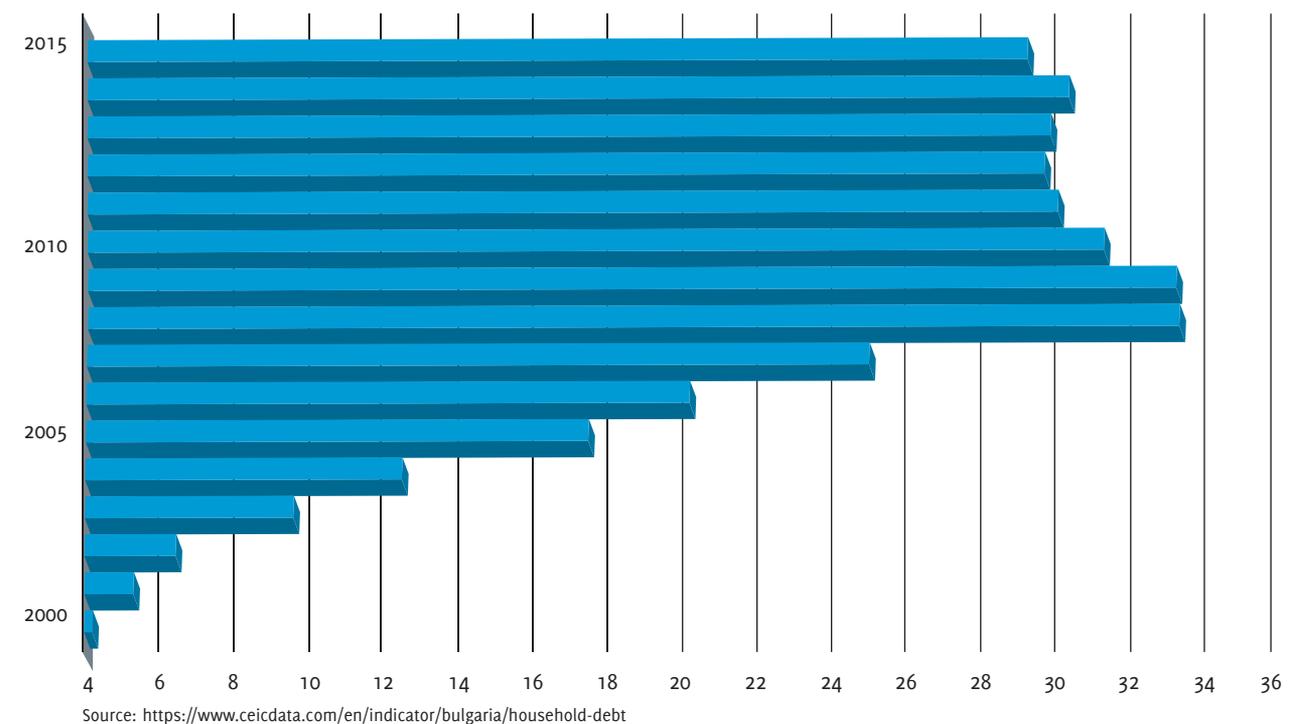




Figure 6. Non Performing Loans Ratio, Bulgaria, April 2015 – October 2016



Source: <https://www.ceicdata.com/en/indicator/bulgaria/non-performing-loans-ratio>

Bulgarian households face several difficulties with debt servicing. Decrease of income from permanent employment and increase in current expenses are the most common difficulties. These two factors combined with the emergence of additional expenses lead to extremely negative attitude toward credit products among Bulgarian people (Gyurov, 2013).

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[http://www.theglobaleconomy.com/Bulgaria/savings\\_dollars/](http://www.theglobaleconomy.com/Bulgaria/savings_dollars/)

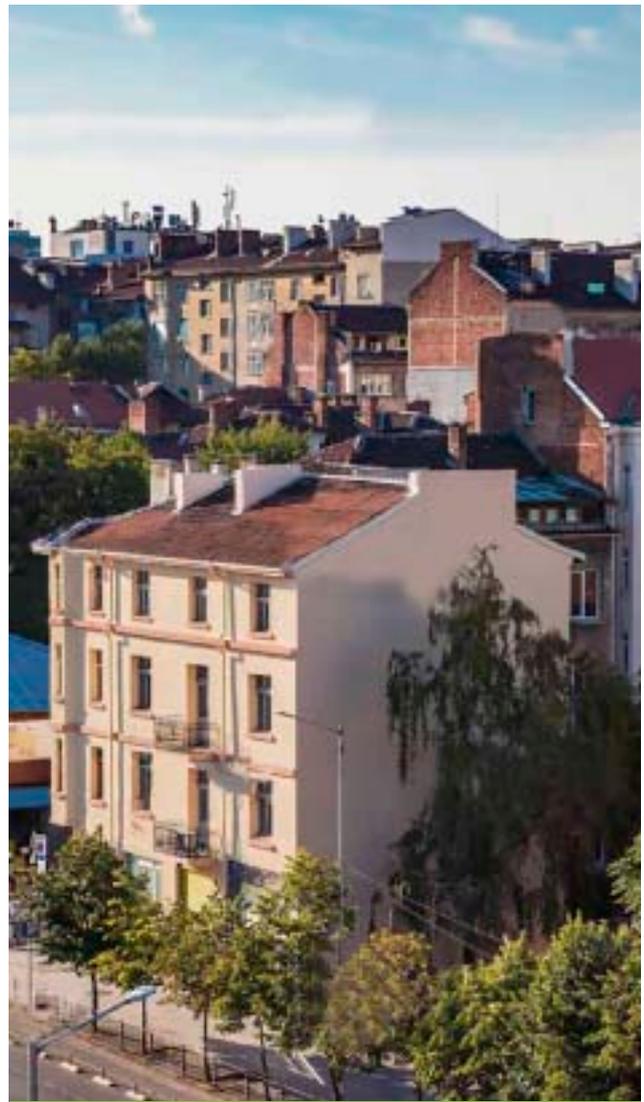
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<https://www.ceicdata.com/en/indicator/bulgaria/non-performing-loans-ratio>

<https://www.ceicdata.com/en/indicator/bulgaria/domestic-credit-growth>

[www.iwatchbulgaria.com](http://www.iwatchbulgaria.com)

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7 Bulgaria's Domestic Credit Growth YoY data is updated monthly. It averaged 13.9 %, available from Dec 1996 to Jan 2017. The data reached an all-time high of 801.0 % in Feb 1997 and a record low of -41.8 % in Feb 1998. CEIC calculates Domestic Credit Growth from monthly Domestic Credit. Bulgarian National Bank provides Domestic Credit data in local currency.



# Financial literacy of students: case of Varna, Bulgaria



by:  
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## Abstract

Low levels of financial literacy among Bulgarian citizens have been observed during the past several years. This suggests that Bulgarians are at a risk of taking poor financial decisions and accumulating big amounts of debt. In this paper we assess what is the current level of financial literacy of Bulgarians and in particular of students in the city of Varna. We find that although students rank their financial skills quite high and estimate their financial literacy levels to be satisfactory, some gaps in their knowledge exist which may lead to undesirable consequences. These results are confirmed empirically by a personally developed survey questionnaire through Lime Survey. At the end we exhibit the implications and make suggestions for future research and development which include examining the potential ways of educating young people about financial literacy and encouraging development of informative and influencing financial education policy on a national level.

*Keywords: financial literacy, students, Bulgaria, implications, development*

## 1. THEORETICAL BACKGROUND

In this modern world, ruled by money and where everything is business, it is essential to understand what financial literacy means. Recently it has gained the interest of major banking companies, governmental agencies, community interest groups, non-governmental organizations and others. Even governmental representatives are concerned that the consumers' absence of financial awareness and their lack of skills, essential for decision making, threaten their effective economic welfare. Similar financial literacy scarcities can influence on individuals' or families' every-day money management and their capability to save for long-term objectives, examples of which are buying a home, a better and higher education level, going on a dream vacation or even retirement. Inappropriately handling money

**Table 1: Conceptual Definitions of Financial Literacy**

Source:	Conceptual Definition:
Hilgert, Hogarth, & Beverley (2003)	Financial knowledge.
FINRA (2003)	"The understanding ordinary investors have of market principles, instruments, organizations and regulations" (p. 2).
Moore (2003)	"Individuals are considered financially literate if they are competent and can demonstrate they have used knowledge they have learned. Financial literacy cannot be measured directly so proxies must be used. Literacy is obtained through practical experience and active integration of knowledge. As people become more literate they become increasingly more financially sophisticated and it is conjectured that this may also mean that an individual may be more competent" (p. 29).
National Council on Economic Education (NCEE) (2005)	"Familiarity with basic economic principles, knowledge about the U.S. economy, and understanding of some key economic terms" (p. 3).
Mandell (2007)	Focus on debt literacy, a component of financial literacy, defining it as "the ability to make simple decisions regarding debt contracts, in particular how one applies basic knowledge about interest compounding, measured in the context of everyday financial choices" (p. 1).
Lusardi and Mitchell (2007)	"The ability to make informed judgements and to take effective decisions regarding the use and management of money" (p. 1).
Lusardi and Tufano (2008)	"Knowledge of basic financial concepts, such as the working of interest compounding, the difference between nominal and real values, and the basics of risk diversification" (p. 2).

Source: retrieved from Hung, Parker & Yoong (2009), p.6



can cause a change in consumers' behaviour and even depression, which could make the individual sensitive to severe financial crises.

Financial literacy can be described in many ways. In order to enhance comparability and consistency across the report a contrast has been made between the different definitions that have been provided by researchers and organizations. One of the striking things about the literature is that financial literacy has been variably defined as (a) a specific form of knowledge, (b) the ability or skills to apply that knowledge, (c) perceived knowledge, (d) good financial behaviour, and even (e) financial experiences<sup>1</sup>. Table 1 illustrates the breadth of conceptual definitions, drawn from a number of studies and placed in chronological order.

In this research we define financial literacy as follows:

Financial literacy is the ability of a person to understand the role of money in the world, it is the way someone handles their money and their knowledge to accumulate more. More clearly, it refers to the range of skills and knowledge that an individual has to make proper and effective decisions with all of their financial assets.

It is vital to analyse the financial literacy of the community, in order to understand the problems and improve the common situation. The main target group of this analysis were present students and recent graduates. People, for whom the ability to handle their money properly is extremely fundamental, especially in the long-term. Predominantly the over-indebtedness is the main consequence of a low financial literacy or even the lack of it. It could be considered as the most primarily and the most dangerous.

In order to compose this research, several secondary sources were used. They include reports on financial literacy specifically for Bulgaria such as Alpha Research's Report on Financial Literacy of Bulgarians prepared for the World Bank (2010) and Klapper, Lusardi

and Oudheusden's insights report on the main findings of Standard & Poor's Global Financial Literacy Survey (2016). Other sources of information are concentrated on financial literacy in general and include reports prepared by NIBUD, ECDN and other institutions and individuals.

The aim of this report is to examine the society's literacy in the financial sphere and the level of knowledge, and to investigate whether it is possible to contribute to the improvement of the economic environment, to increase the standard of every-day-life and the community's welfare.

## 2. METHODOLOGY

In the beginning of the research different articles and academic sources regarding the financial literacy levels in Bulgaria were analysed. Secondary data was obtained on international level. It was important to compare how financial literacy is addressed in different countries and what good practices or examples can be derived from foreign experience. From it the main problem of the research was extracted. The topic of financial literacy across people is important as the way by which people handle their money affects the quality of their lives.

It was estimated that young people who are just beginning to meet the responsibility of handling their own budgets need to be paid special attention. It is essential that their financial literacy is evaluated and different measures and advice are taken accordingly. Therefore, the target population for the research was people aged between 18 and 26, who are enrolled as students in a university or a college, or recent graduates on the territory of Varna, Bulgaria.

In this research different methods were used to derive quantitative and qualitative data. This raw data was then transferred into informa-

<sup>1</sup> Hung, Parker & Yoong (2009), p.5



tion for the purposes of the research. The methods chosen to be used were focus group, questionnaire and survey.

First the team implemented a focus group. It included people from the target group – current students and also some recent graduates. The questions asked during the focus group were anonymous and aimed to measure how students perceive financial literacy, whether they are aware of the consequences of poorly handling their money, and how they would proceed if they face the threat of becoming over-indebted. As the focus group was the first method used in the whole process of researching the issue the questions were general and not so concrete.

After the implementation of the focus group, an anonymous questionnaire was spread among students in Varna. The several questions of the questionnaire were directed specifically at the topic of financial literacy. The questionnaire was used as a pilot, with only 6-8 participants in it, for further development of a survey for the target group. It can be said that those questions were not so objective, but gave to research team the general idea how to elaborate the issue and continue the research.

The last method used during the research was a survey form with 50 students from Varna. There were people from both genders and age, chosen on a random principle so that the sample can be considered representative. The survey was divided into two sections. The first section included questions on the topic of financial literacy precisely. The second section involved demographic questions in order to estimate whether the participants are in fact part of the target population to which the research is oriented. The survey was a major step for the research as it gave the greatest possibility to gather different opinions and exact numbers on the questions. The survey included 16 questions. They were directed to the income of the participants, on the way that they prioritize their needs, the ability to use ATMs and online-related procedures for transferring money and making payments to different receivers. It also involved questions for self- assessment of the respondents' financial literacy. The perception of own characteristics and knowledge was the foundation to define if a problem exists or not. For example, if a person believes that he/she is financially literate, but still falls into debt, then we can definitely conclude that an unknown problem exists and a consulting agency may affect positively if reached for advice. The questions regarding the budget and the needs of participants were essential for estimating whether there is a correlation between the monthly income and the way people manage it. At the end the survey covered some demographical questions such as gender, age, level of education and employment state of the person. The demographic characteristics may appear as factor which influence the financial literacy.

The survey was conducted through the "Lime Survey" platform. It facilitated the working process and made the preparation of the survey form effortless. After receiving the answers of the needed number of participants the results were exported into a Microsoft Excel table. Excel table was needed in order to clear the table for further analysis. After all changes were made, the team imported the results into SPSS software, where the analysis was made. For comparing, measuring and evaluating the answers, different functions of the software were applied. Descriptive and statistical analysis like measuring frequencies and using cross-tabs were needed to estimate the relation between different factors. Evaluating modes, means and ranges of the answers showed the aver-

age and most common results of the survey. Other methods such as Chi-square tests also were implicated during the evaluation of the results.

### 3. RESULTS AND DISCUSSION

The first element taken into consideration was the research paper<sup>2</sup> by Alpha Research (2010). Some of the conclusions that were reached are that the general perception of Bulgarian citizens for their personal levels of financial literacy is predominantly negative. The majority of the respondents of the survey weakly knew their consumer rights when using financial services. The survey found that the young citizens in Bulgaria are the most volatile to quick spending of their income and to taking loans for commodities connected with a higher life standard. The low information levels which Bulgarians experience and their low trust into financial institutions make the realization of programs connected with financial education mandatory and of highest importance. According to the World Bank, appropriate future change accents for the young would be on education, on how to plan their budgets, how to calculate different rates, and how to choose a good investment which could lead to bigger incomes.

These findings are also confirmed by Standard & Poor (2016). Their survey<sup>3</sup> concluded that Bulgaria did not improve its situation very much for the 5 years that have passed. Bulgarians hold 72nd place for financial literacy among the 144 countries in the world, and their level is well below the average for the European Union. According to the same study only 35% of Bulgarians are financially literate.

In order to change these negative results and to increase the levels of financial literacy, a National Strategy of Financial Education is being prepared by the Government. Also, there are different associations, banks, NGOs and other institutions which are putting their efforts into increasing the overall financial literacy levels by creating brochures, dictionaries, educational initiatives, leaflets, websites and etc.

There is one central tendency that is quite evident- the level of financial literacy of Bulgarian citizens is relatively low and their range of skills is scarce. It is critical to improve this level and strengthen the consumer confidence in the financial sectors.

The target population of our research is students of Varna, Bulgaria. The age of the respondents in the survey conducted was between 18 and 26. The average respondent is aged 22 and is currently employed. There were representatives from both sexes and from different education levels (Figure 1).

The survey results can be summarized and divided into three main parts. They analyse different aspects of financial literacy such as knowledge and skills to use different banking services, ability to work with online financial services, and money management skills.

#### 3.1 Bank Services

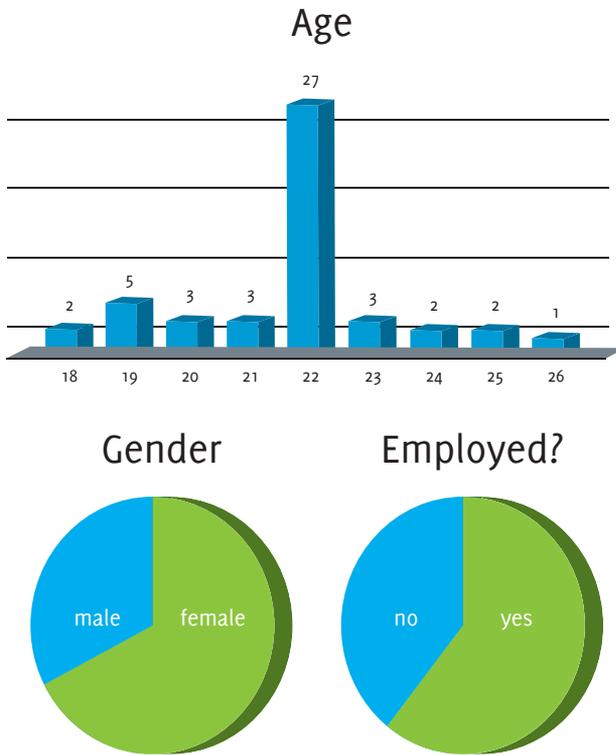
The first main part is focused on the topic of students' ability to use banking services. The results of the questionnaire show that more than a half of the participants possess at least one debit card, but

<sup>2</sup> Bulgarian Financial Literacy Report

<sup>3</sup> Global Financial Literacy Survey



**Figure 1: Demographic Information of Respondents**



Source: Authors' work

less than a third possess a credit card or do not possess any type of bank card. See Table 1:

From those who possess, 87.5% consider themselves capable of using it for any desired purpose and averagely use their bank card at least once per week. When it comes to calculating interest rates when taking loans or making deposits, the online questionnaire shows that 58.3% of the respondents stated that they are able to calculate any type of risk, 37.5% stated that they need help, and the rest stated that they can calculate some interest rates. Look at Figure 2:

When we asked the participants about their abilities and skills the average answer was that they strongly agree that they can work with ATMs and that neither agree, nor disagree with the statement that they know the procedure for applying for student loan. This means that there are some missing spots in their knowledge.

We tested the relationship between education level of the participants and their ability to calculate interest rates when taking loans or making deposits. The results of the analysis show that 18 out of 48 participants experience difficulties and need help with calculation. However, their education level is irrespective to their abilities because there are participants with secondary, bachelor and master level who need help. In this case we reject the null hypothesis and state that there is no relationship between participants' education level and their ability to calculate interest rates.

### 3.2 Online Services

The second part of this research is concentrated on the ability of students to use online financial services. We tested the respondents' perception of their skills and the average answer to the statement that they are not able to pay their bills online is that they strongly disagree, which means that the respondents are in fact capable of paying their bills online. Similar is the situation with the statement "I can't use online banking"- the participants strongly disagree which means that they are able to use online banking services. When it comes to making purchases online, on average the participants strongly agree that they are able to do so. See Figure 3:

### 3.3 Money Management Skills

Money management skills of students in Varna is the main topic of the third part. The results of the questionnaire show that on average the participants have an income between 501 and 750 BGN. We gave them the opportunity to show all the sources of their monthly income and we can state that family is mentioned as an origin of the income in 59.2% of the cases, salary - in 51.3%, scholarship - in 16.3%, partner - 2%, and selling items online - in 6.1%. In order to understand students' perception of products and services' value, we asked the participants in our questionnaire to prioritize their buying needs. Groceries are considered to be the priority number one according to 75% of the participants. The other places cannot be described with certainty as the percentages of respondents' answers vary too much. Last place of importance is ascribed to other needs which according to the focus group we conducted could include transportation, books, technology, cars and property. See Table 2:

The respondents in our questionnaire stated that on average they plan their budget for the month and they save less or equal to 100 BGN monthly. The results from both the focus group and the online questionnaire show that according to the respondents the most frequently cited consequences of having too much debt include social exclusion, increased levels of stress, anxiety and depression, and difficulties with returning the debt. Other concerns could involve privatization of personal belongings and property, lack of savings, lost productivity and problems in the family. We asked the participants what is the most reliable source of financial advice and the average answer consisted of both their personal opinion and advice from family members

**Table 1 Respondents Possession of a Debit/Credit Card**

	I have at least 1 debit card		I have at least 1 credit card		Both		Neither	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Yes	43	89.6	6	12.5	4	9	3	6.3
No	5	10.4	42	87.5	44	81	45	93.8

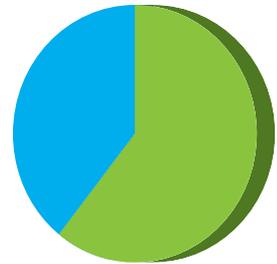
Source: Authors' work



**Figure 2: Respondents' Ability to Calculate interest Rates and Their Perceptions about Reliable Financial Advice Sources**

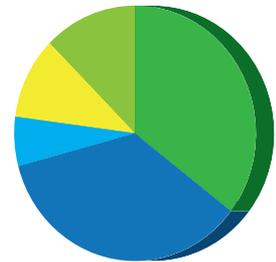
Are you able to calculate interest rates by yourself when taking loans or making deposits?

I am able to calculate any type of interest rate ■  
I need help ■



What is the most reliable source of financial advice?

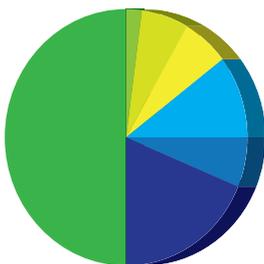
myself ■  
friends ■  
bank ■  
family ■  
consulting company ■



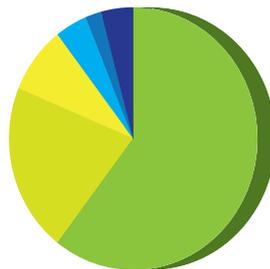
Source: Authors' work

**Figure 3: Respondents' Perception of Their Abilities to Use Online Financial Services**

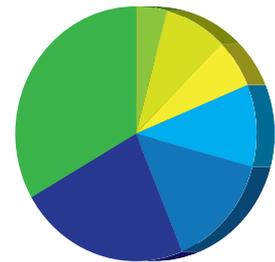
I can't use online banking



I can't make purchase online



I can't pay my bills online



■ strongly agree      ■ neither agree, nor disagree      ■ strongly disagree  
■ agree      ■ rather disagree  
■ rather agree      ■ disagree

Source: Authors' work

The authors checked whether a connection exists between budget planning and the gender of the participants. The results of the analysis show that among the female population of the participants in this online questionnaire around 80% plan their budget for the week. The results for the male population of the participants in this questionnaire are the opposite - 75% do not plan at all. The Pearson Chi-Square significance level in this analysis is greater than the theoretical significance level which means that we cannot reject the null

hypothesis and we can state that there is no relationship between budget planning and gender.

When it comes to budget planning and saving money monthly, the analysis reveals that 80% of the respondents in this survey who plan their budget for the week save less or equal to 100 BGN per month. Moreover, 100% of the respondents who plan their budget for the year save between 201 and 300 BGN monthly. An interesting finding is that 100% of the participants who save more or equal to 501 BGN per



month actually rarely plan. In this analysis the Pearson Chi-Square significance level is less than the theoretical one and we can reject the null hypothesis and state that there is a strong relationship between the abilities to plan your budget and to accumulate monthly savings.

#### 4. Conclusions and implications for future results

This research was set to investigate and analyse the financial literacy levels among present students and recent graduates in the town of Varna, Bulgaria and to examine whether it is possible to contribute to the improvement of the quality of the knowledge. The results introduced reveal some potential gaps in the financial awareness of the target population. These gaps could lead to further problems concerning the social and financial status and wellness of students – making bad financial decisions or choices could make a profound effect later in a their lives after university. Without understanding the importance of the fundamental concepts and tools of budgeting,

spending, how debt works, over-indebtedness and the ability to keep abreast on their financial status, many students struggle in life.

This financial literacy problems starts at home, where many parents are not able to explain the basics of dealing with personal finances and to provide some guidance. This is why an educational program for money management should be considered in school. Starting from elementary school until university, this program will help many people deal with their finances properly and with awareness. A free online course on broadening financial literacy is also an idea for educating young people interactively. Contributing on the financial knowledge of the young population in Bulgaria is a matter that the government should think about and develop a better National Strategy of Financial Education for the future. A steady impact on the problem can ensure the financial wellness of the youth and the economic development of the country as a whole.

Regarding the used methodology in the research, future improvements can be made regarding the sustainability and suitability of the used questions in the focus group, questionnaire and survey. The biggest limitation that this research faced was that it examined only

**Table 2 Participants’ Buying Priorities**

How do you prioritize your buying needs?										
	First Place		Second Place		Third Place		Fourth Place		Fifth Place	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Groceries	36	75,0	10	20,8	2	4,2	0	0	0	0
Pharmaceutical products	5	10,4	16	33,3	9	18,8	13	27,1	5	10,4
Apparel	3	6,3	12	25,0	16	33,3	13	27,1	5	10,4
Entertainment	3	6,3	9	18,8	19	39,6	11	22,9	5	10,4
Other needs	1	2,1	1	2,1	2	4,2	11	22,9	33	68,8

Source: Authors’ work



students of Varna, Bulgaria, and conclusions on country-level could not be reached. Also, updating, rephrasing and further developing the questions is necessary to make sure the answers give the right information and that they can be correctly interpreted by individuals or institutions.

Two implications can be drawn from this article for future research on the basis of the conclusion noted previously.

First, examining the potential ways of educating young people about financial literacy – taking a deep look at the preferred ways of teaching finance management among students. A further research can be conducted within students not only in university, but also schoolers on the basis of innovative and desired ways of teaching money management – online platforms containing courses, quizzes, lectures, brochures and leaflets; open sessions with specialists in the finance field in formal or informal environment organized by non-profit organizations, municipal governments and school districts, private financial institutions and the Bulgarian government.

Second, encouraging development of informative and influencing financial education policy on a national level. On the basis of the results from a perspective future researches on this topic, the Government should carefully plan and implement a policy that can ensure an effective and innovative provision of financial education. It is

important here to include a programme evaluation in order to secure the most effective delivery channels based on the need of the target population and promote accountability and sustainability of such a financial education policy in Bulgaria.

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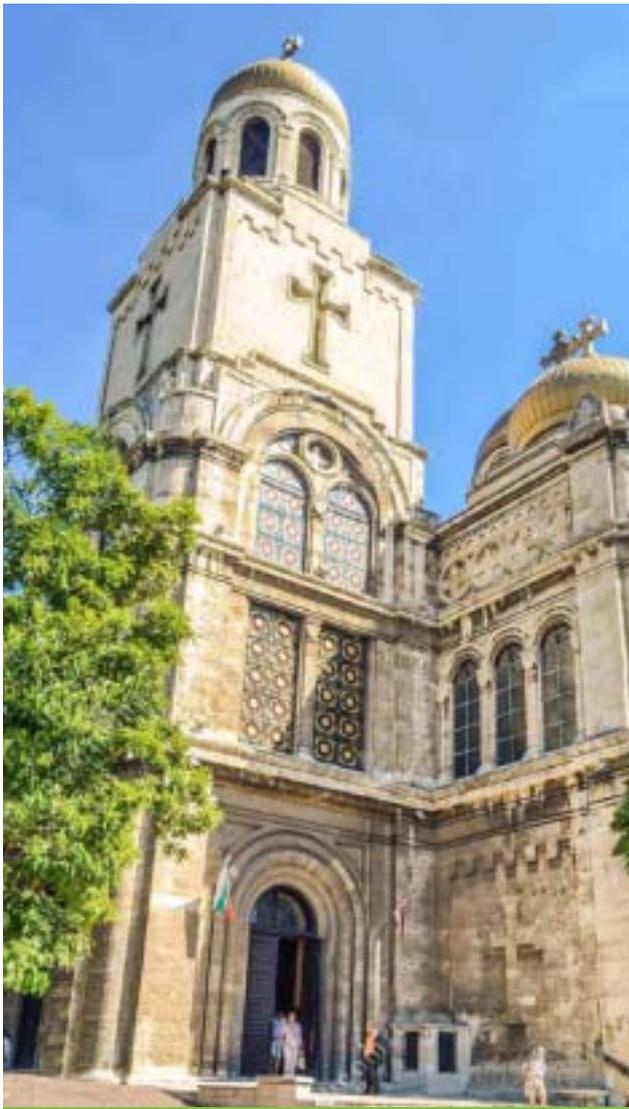
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# Money and Debt advice in Greece



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## A long due policy - a lack yet to be filled- a cold-hearted, slow-paced effort against a pressing necessity of debtors, the society and the economy

Greece has been struggling since 2009 to deal with the storm of a deep economic crisis. Recession persists. Unemployment has raised at the extraordinary rate of 25%, whereas wages in both the public and, even more, in the private sector have sunk by 40- 60%. Low cost and flexible working schemes prevail. Households budgets are blown away.

It is broadly accepted, that since 2000, a decade before the crisis, a geometrically raising credit expansion was entrusted to the credit industry in Greece – with no restrictions. Lending unscrupulously would inevitably lead to over – borrowing, which would equally lead to over-indebtedness. But it was the 2010 sudden cut of income and the sudden halt of the banks tactic of re-financing of debts that “showed to the world” the massive dimensions of non-performing loans of households and business in Greece.

Unlike other European countries, Greece did not timely adopt a strategy to prevent consumer detriment in financial services and over-indebtedness. No money advice or debt and budget advice system was put in place by the authorities, no financial education policy was neither drafted nor implemented and scarcely were sanctions imposed to creditors for inappropriate behavior and violation of law. Debt advice was provided on a very small scale, literally only on a volunteer basis by non-financed and struggling to survive consumer organizations which were the only to follow throughout the years the rising problem of over-borrowing and the urgent need for debt advice.

The long due strategy was not put in place neither when the crisis blew the households budgets away and debtors found themselves within months not able to perform any more. Striking exception : the adoption of the law on a court-centered debt adjustment and debt relief voted at mid-2010 and put in force since 1.1.2011. More than 320.000 debtors have had recourse to this legal framework in the last 6 years. This volume of petitions is so high, that dates for hearing of the cases are set many years ahead.

While no other policy was put in place to manage debt arrears, the Greek Parliament voted for a moratorium of foreclosures of debtors' dwellings irrespective of the amount of debt and a moratorium of foreclosures of any real property of the debtor for debts not exceed-



ing the sum of 200.000 euros. The moratorium was yearly extended until end of 2014.

In 2013, law 4224/214 provided for a Code of Conduct for the management of non-serviced debts by creditors to be issued by the Bank of Greece by 2014. The Code, which was only put in force as late as January 2015 basically provides for an obligatory out-of-court procedure of a three- phases communication procedure of the creditor and the debtor and exchange of proposals for debt settlement. The creditor would cancel the credit contract only if the debtor does not respond to the communications of the debtor, if he/she does not provide to the creditor information for his or her economic and personal situation and finally if the debtor does not accept the final proposal as formulated by the bank.

It is so ironic that the Code of Conduct provides for the obligation of the creditor to inform the borrower that he/she is allowed to consult an advice agency, although there is still no advice agency available advice in Greece! Lately, the Consumer Ombudsman has been given the task not to act as an advice agency, but to intervene as a mediator, should the consumer ask, in case the procedure under the Code of Conduct is completed and has proved unsuccessful.

The Code, as revised in August 2016, introduces a variety of tools for tackling debtors in financial distress, that include write-offs, split balance and reduction of interest rate, but practice shows that creditors, in their proposals for debt settlement, stick to the classic tools, like e.g. contract prolongation and do not opt for measures that diminish the total cost for the debtor. Another important lack : multiple debt is not addressed by the Code of Conduct, although the majority of debtors in Greece face multiple debt by several creditors.

In August 2015, under the overall obligations that the country assumed by the so-called 3rd memorandum (Law 4336/14.8.2016), Greece was obliged “to take immediate measures for tackling the non-performing loans”, as set in a very detailed way in the Memorandum itself. In compliance with this law, the Greek parliament adopted Law 4389/2016 which provides for the establishment of a



Governmental Council for Private Debt Management (accompanied by a Co-ordination Committee and a Special Secretariat for Private Debt Management) which sets itself the ambitious task to put together a strategy and policies for a full and complete mechanism of effective private debt management, as well as drafting and updating an action plan on a binding time schedule for implementation of such strategy. It also has the task to put together a network of centers to provide free of charge advice to private and legal persons regarding debt management as well as actions targeted to households and small and medium sized enterprises regarding financial management. According to the law, there will be 30 advisory centers put in place throughout the country, that will provide information and support through financial and legal advice for credit contracts and management of loans, both performing and non-performing.

According to the official data issued by the Bank of Greece, household loans account for around 46.2% of total bank credit to the private sector in September 2016, two thirds of which are housing loans. The NPE's ratio (non performing exposure) of Greek banks rose during the first half of 2016 to 45,1% and the total NPE's reached 107.6 billion in the third quarter of 2016. These numbers are terrible. The Bank of Greece recognizes in its *"Overview of the Greek financial system"* published in January 2017, that *"managing Non Performing Loans (NPLs) is the most important challenge facing the banking system...The aim remains the same and is dual : to ease the burden on borrowers and to release resources that could be channeled by credit institutions to the real economy, supporting the financing of viable firms..."*

Behind the numbers -there are households and debtors in need of information, advice and support, which should be free, independent and high-quality, as how to manage and how to deal with a situation, than in most cases seems out of control.

Insolvency court procedures do provide to over-indebted private persons a way out of the debt trap to freedom and to social inclusion, especially where multiple debt is involved. But if out-of-court

debt settlements could be effectively set, a low cost, non-bureaucratic and quick solution would address the big masses of debtors, that might not meet the criteria for the lengthy and costly insolvency procedures, free debtors and help take economy out of stagnation. But, out-of- court settlements can only be effective and work well for both creditors and debtors, if debtors are supported by highly educated and highly motivated debt advisers to assist them in their negotiations with the creditors to settle for the most appropriate debt settlement scheme.

A slow- paced cold - hearted initiative will not to the job. The debt advice network in Greece has to be set up with no more delays, efficiently, using the best practices that other European countries have established and experienced since many years.

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# Consumer bankruptcy in Poland



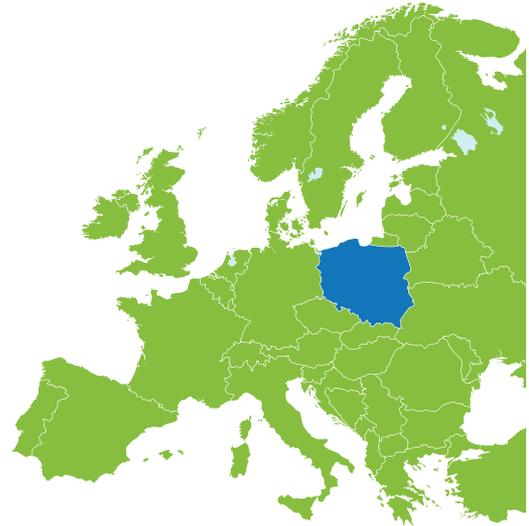
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Legislation allowing Polish consumers to declare bankruptcy was first enacted in 2009. However, in 2009-2014 only a few consumers were able to take advantage of these regulations. This situation was mainly caused by strict requirements for those applying for consumer bankruptcy (i.e. debt had to be caused in extraordinary circumstances and not resulting from applicant's actions). Furthermore, applicants had to possess assets of high enough value to finance the bankruptcy proceedings (some sources estimate the required value of these assets to be 1000€-5000€; minimal wage in Poland in 2009-2014 was 319€-420€). Due to these reasons only 84 consumers were able to declare bankruptcy in Poland in 2009-2014.

At the end of 2014 the legislation was modified, and the aforementioned limitations were mostly invalidated. Currently, natural persons who are not proprietors of private businesses can apply for consumer bankruptcy if they become insolvent, which means they cannot compensate their financial liabilities. Debtor needs to provide evidence that their insolvency was not caused by their own deliberate actions or gross negligence. Court decides whether to declare a consumer bankrupt. This decision is based on consumer's application and a court hearing. According to current legislation, consumers who apply for bankruptcy do not need to possess any financial assets. However, if they own any real or personal properties these can be repossessed and liquidated in the proceedings to regulate part of consumer's financial liabilities. Furthermore, in the initial phase of the bankruptcy proceedings, consumer is obligated to transfer 50% of their earnings towards repaying their liabilities (25% if their sole income is retirement or disability pension). In the second part of the proceedings, court establishes a debt mitigation plan to regulate consumer's financial liabilities, this plan can last for up to 3 years. Court takes into consideration applicant's financial capabilities to evaluate a monthly payment that has to be transferred towards their liabilities. Once the plan is completed, any debts that were not paid off are written-off.

## Consumer bankruptcy process:

1. Consumer who faces insolvency files an application for personal bankruptcy.
2. Consumer is declared bankrupt by the court after their application is reviewed and following a court hearing.



## Once the consumer is declared bankrupt:

3. Consumer's assets are repossessed and liquidated. Court creates a list of creditors and estimates a final due amount.
4. Court creates a debt mitigation plan and establishes value of monthly payments.
5. Consumer follows the plan to pay off their liabilities.
6. Remission of any due liabilities that were not paid off while the debt mitigation plan lasted.

According to data gathered by the Central Business Information Centre (Centralny Ośrodek Informacji Gospodarczej) since January 2015 to March 2017 7857 consumer bankruptcies were declared (2112 in 2015, 4434 in 2016, and 1311 in the first quarter of 2017). The highest number of declarations, 546, were issued in March 2017. The youngest person that was declared bankrupt was 11 (due to inheritance containing liabilities) and the eldest was 93. The majority of consumer who apply for consumer bankruptcy are 40-49 years old. More women than men were declared bankrupt (56,6% to 43,4%).

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# New law on debt solutions in Iceland



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The following information is about new laws in Iceland regarding debt solutions (since 2010) and figures on applications for counselling (debt advice), debt mitigation and financial aid for bankruptcy, that individuals can apply for at Debtor's Ombudsman (these figures are from the 1st of March.). The total number of applications for debt solutions can be put in context to the total population in Iceland, which was 338349 on January the first 2017.



2010: New laws on debt mitigation for individuals

2010: Laws on personal bankruptcy changed. Claims now expire two years after bankruptcy.

2013: New laws on consumer loans

2013: Laws (temporary) allowed personal pension funds to be open for withdrawals

2014 Laws on lowering of mortgages and personal pension funds can be used to pay mortgages (temporary).

2014: New laws on financial aid for bankruptcy proceedings.

## Counselling

- Seeking holistic overview of the applicant's finances
- Sought to balance financial obligations and payment ability.
- Often by mediating negotiations with creditors, applying for grace periods for loans or advising debt mitigation

Debtor's Ombudsman received (in total) 5.129 applications for counselling (debt advice)

## Debt mitigation

- When the debtor is in long-term difficulty
- Sought to balance financial obligations and payment ability.

Debtor's Ombudsman received (in total) 5.857 applications for debt mitigations. 3.100 of these applications ended with a debt mitigation contract.

On average 88% write-offs on non- mortgage claims in debt mitigation contracts.

## Financial aid for bankruptcy proceedings

- Assisting people to pay collateral security for expenses related to bankruptcy proceedings.
- Started in 2014
- Half of applications rejected, as applicants have not sought other solutions to their debt difficulty.
- Individuals need to file for bankruptcy at the court, even though application for financial aid is approved

Debtor's Ombudsman has received (in total) 846 applications for financial aid for bankruptcy.

The District Courts of Iceland can provide statistics about individuals bankruptcy proceedings.

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# Debt advice situation in Czech Republic



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Czech Republic



After several years of discussion, a change to both the Consumer Credit Act and the Insolvency Act was achieved. The Parliament extended the definition of consumer loan, limited the fees for late payments, introduced licences for non-bank providers, moved the supervision from the Czech Trade Inspection to the Czech National Bank and adjusted information obligations and the assessment of the creditworthiness of clients. From the thousands of original loan providers, only 108 applied for a licence. In addition, the arbitration clauses were fully eliminated from the loan agreements. We still have to wait for the full results in practice, but it certainly is a big step forward.

The Insolvency Act governing personal bankruptcy was changed too. Now, personal bankruptcy may be now processed not only by the court but also by attorneys of the for only a limited fee (about 150 euros), bankruptcy trustees (insolvency administrators), executors and notaries. Non-profit organizations must obtain accreditation and may choose not to require monetary compensation. The Parliament is now discussing another amendment to the Insolvency Act. It should introduce three zones for personal bankruptcy – repayment of 50% of all debts within 3 years, 30% within 5 years and 0% within 7 years. In the case of the last zone, the debtor would pay only the cost of the insolvency administrator's activities. From today's two variants of debt discharge, which the creditors choose, i.e. the sale of all assets or the repayment schedule, the sale of assets above a certain value (about 3,700 euros) would always have to occur. However, dwellings below a standard value would not be liquidated. The discussions in the Parliament are still ongoing, but perhaps next government will continue debating this topic after the elections.

Besides our specialized organization (9 branches, 10 thousand new clients a year), also about 80 civic advice centres and about 40 Catholic charity advice offices, who also offer partial debt advice, have been already working in the Czech Republic.

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