

**The effectiveness of personalised debt advice as a tool to address over-indebtedness and the positive effects of combating over-indebtedness on society and the economy.**



Questions 1 and 2:

*1 - Is debt advice that is entirely "personalised" more effective than other possible tools aimed at alleviating the impact of over-indebtedness on households? Or could one consider, on the other hand, that a certain level of standardisation is possible and desirable in debt-advice?*

*2 - How effective has debt advice proven (based on precise figure and statistics you are aware of) to help get over-indebted households out of debt?*

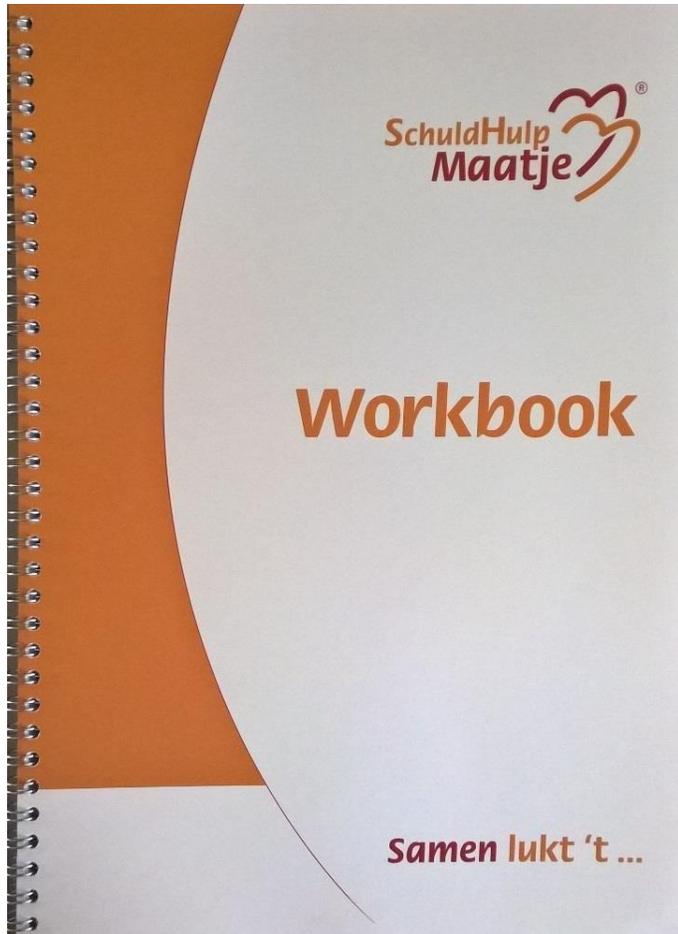




## Replies to Q.1 and 2:

- Our experience shows that debt-advice is more effective if it is focused on the real needs of each single over-indebted household and on the causes of their over-indebtedness
- In this context, the more debt-advice is personalised, the bigger is the possibility that it is successful, because the proposed solution is related to the concrete situation of the single debtor
- Research shows (the Ido report), that while traditional (technical) debt-advice has a success rate of only 30%, additional personalised debt-advice has a success rate of 70%





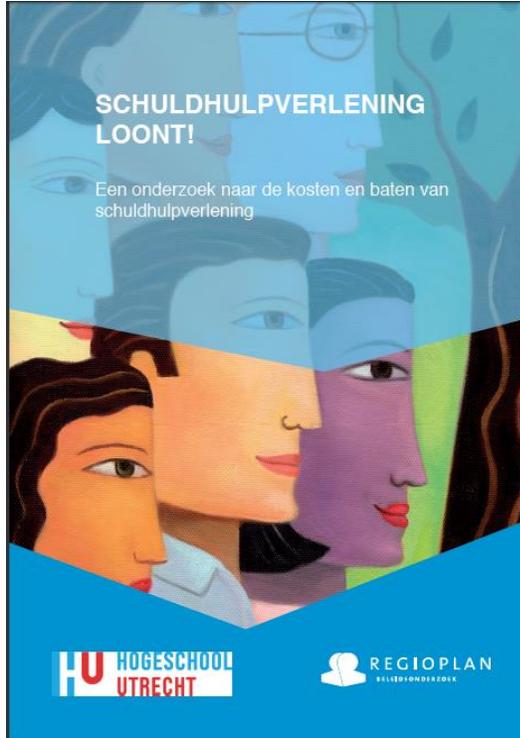
- Despite our preference for a personalised approach, we are aware that certain standardisation may be possible and desirable, in particular for some operational methodologies, but only to some extent.
- This standardisation could concern in particular the technical-legal level (for example certain aspects of the debt-settlement) as well as the gathering and exchanging of information between households and advisors.



Question 3:

*Based on figures/statistics you are aware of, please provide an indication of what effect a reduction of over-indebted individuals/households has had on the macro-economic well-being of society as a whole (through positive impacts for lenders; stronger consumer demand in a national economy contributing to economic growth, etc.)*





### Replies to Q. 3:

- Publication Schuldhulpverlening Loont: €1 = € 3

**Pricelist:** What financial effects does prevention have?

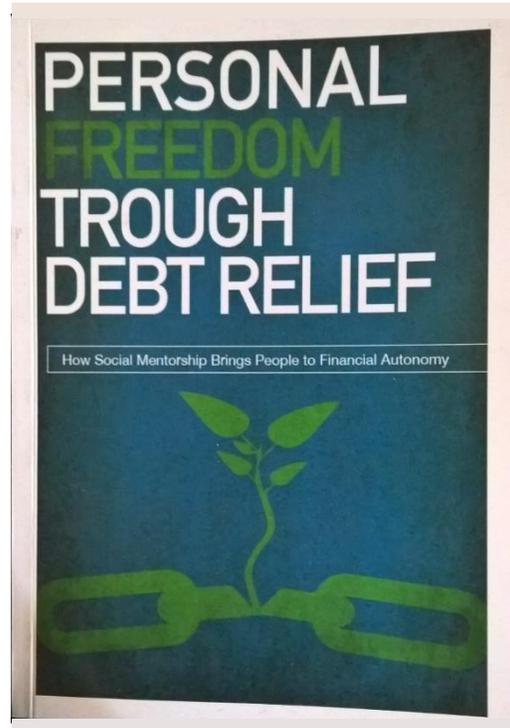
Average costs of:

- Summons € 500
- Eviction € 7.500
- Closing of water/electricity/gas € 790
- Crisis relief € 14.190
- Homelessness € 43.140

**Prevented in 2014**

Distraints/Impoundments:	252
Evictions:	272
Closing of water/electricity/gas:	189





- In our experience, we consider that debt is not only a financial issue, but also a social one with bigger economic implications for society as a whole. For example, we consider that certain inadequate financial behaviours are at the origin of many situations of over-indebtedness and request a different financial behaviour in society as a whole.
- For this reason, we are of the view that if debt-advice is provided by certified volunteers, it is an effective way to help people in debt. Volunteers, for example, have good experience in social exclusion. In our recent publication 'Personal Freedom Through Debt Relief' good examples have been described.

