



Financial exclusion and overindebtedness

Today, many Europeans – especially those suffering from poverty – cannot access the necessary financial services, deposit and transactional accounts but also saving, credit, insurance and payment service.

Access to financial services is essential for citizens to be economically and socially integrated in today's society. It is also a requirement for employment, economic growth, poverty reduction and social inclusion.

Prevention and treatment of over-indebtedness and financial exclusion are regarded as a major element of the fight against social exclusion and poverty in the majority of the **National Action Plans on Inclusion** drawn up by the Member States. It involves multiple factors that include not only physical and economic barriers but also psychological barriers to banking, financial illiteracy, and an understanding of low income money management patterns. In any case, important gaps still exist in terms of analysis and assessment of strategies of prevention of financial exclusion.

At this stage, our collective understanding of the situation – and therefore the identification of the most appropriate policy responses – is still hindered by the absence of a common definition, at the European level, of the phenomena of over indebtedness and financial exclusion. If such a common definition could be drawn up, it would enable statistics on over indebted households to be collected for the purposes of comparison and would provide a stronger basis for implementing the Open Method of Coordination in the fight against social exclusion.

However, many Member States already actively implement measures to prevent and combat financial exclusion.

Recurrent strategies encompass three main types of activities:

- Information and education programmes;
- Measures aiming to facilitate access to a bank account, simplified soft loans and face-to-face counselling;
- Reinforced services for debtor advice and guidance.

In tackling the problem of financial exclusion and over indebtedness the EU attempts to identify and analyse the most effective policy measures in the area of financial services provision and prevention of financial exclusion of people facing poverty or social exclusion.

It encourages and assists the development of more coherent and integrated policies on access for all, and in particular for the most disadvantaged people, to financial services provision and prevention of financial exclusion and over-indebtedness as part of the further development of Member States' National Strategic Reports.

Key documents and activities

Video

"Access to Financial Services - The Impact on Financial Inclusion"



available in [de](#) [en](#) [fr](#)

Best Practice (links to the Peer Review website)

- [Amnesty of debts: Amicable agreement and statutory solution](#)
- [Money advice and budgeting service](#)

Studies

Financial Services Provision and Prevention of Financial Exclusion 2008

Summary of the study [\[en\]](#)
Study [\[en\]](#)

Common operational European definition of over indebtedness

2008
Summary [\[en\]](#)
Study [\[en\]](#)