

PART C: Conclusion

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The new Consumer Credit Directive (CCDII) represents a major breakthrough within European social policy and on the other hand represents a big challenge for all EU Member States. For the first time debt advisory services and their requirements are defined in a binding manner by Article 3(22), 36 and Recital 81 – and although the requirements need further clarification, this positive development is highly welcomed. The transposition of CCDII into national law must be completed by the EU Member States by November 2025 and the roll-out of an easily accessible national network of debt advisory services must occur by November 2026. This appears especially challenging for those thirteen EU Member States identified as having a low or even non-existent provision of debt advisory services.

The PEPPi project aimed to increase the accessibility of debt advisory services in these EU Member States and to improve the operational effectiveness of related networks with the aim of assisting in overcoming these challenges.

The project's goals, as set out in our call response, have been achieved, but not without some barriers and lessons learned for future work.

By the construction and operation of a European platform (<https://www.ecdn.eu>), information is provided about debt advisory structures in Europe by research papers and studies, financial literacy programs and tools and a training program for debt advisors. The platform also functions as a dynamic and sustainable source of new developments in this field. The use of the platform, especially the Knowledge Platform and the Online Academy, shows a great improvement in operational effectiveness among all types of stakeholders. This was also demonstrated by two major network conferences in Malta and Brussels.

The operational effectiveness was also improved in each participating country.

In each country for the first time, network meetings took place bringing together national stakeholders from governmental institutions, financial and other professional associations, NGOs, academics and European experts and debt advisors. These meetings set the ground for further develop-

ment of debt advisory services and network building towards the transposition of CCDII.

However, due to the short duration of the PEPPI project and the fact that in most participating countries the development of debt advisory services had to be built from scratch, it was decided that citizens should gain quicker access to debt advice through the development of national website platforms with support information and self-help tools. All national websites were successfully operational at the end of the project in December 2023.

To ensure debt advisory services are relevant and effective, it is important to review personal stories and the varying causes of over-indebtedness. Through local information from the thirteen participating countries, it is clear that the causes for falling into financial fragility and over-indebtedness are complex and interlinked. However, the main triggers are broadly similar in each country:

- low/decreasing income, salary reduction, loss of a regular source of income
- unforeseen expenses, an increase in everyday expenses, unexpected life events
- low education level and insufficient knowledge of financial matters
- ease of borrowing money
- exploitative, unscrupulous or irresponsible lending practices with terms and conditions that are significantly unclear or excessively complex
- low financial literacy
- addiction, such as gambling
- inadequate control of banks by the Central Bank
- causes related to government activities (e.g. inflation, tax increase, lockdown)

The main challenge remains the construction of an independent debt advisory system with minimum political influence and sustainable financing.

Given the complexity of over-indebtedness, it is best treated through a holistic debt advisory approach. It is necessary that relevant stakeholders in a country remain open to both the necessity of debt advisory services and a holistic approach including legal, financial and psycho-social advice. Unfortunately, during the PEPPI project about half of the participating countries were faced with bias and a lack of willingness to cooperate. It was reported that there was disinterest on the part of Ministries and Central Banks (despite awareness of the necessity of the implementation of CCDII), lack

of involvement by municipalities, a reluctance to work together among consumer associations. One of the key barriers is the absence of clear regulations, structures and financial support for consumer associations to provide such services. The small size and limited financial resources of consumer organizations is another limiting factor.

Some countries in the PEPPi project reported that they faced challenges due to a shifting focus of stakeholders, political instability, lobbying against debt advice, and an unclear legal framework for the transposition of CCDII.

Further obstacles exist in the limited understanding and acceptance of debt counselling among consumers themselves. They must be convinced of the importance and benefits of proper debt advice. The holistic approach that combines legal, financial, social-psychological and psychiatric perspectives remains new and relatively unknown.

However these obstacles and challenges are now known to the participating countries, and they can now lobby or petition Government to address and remove these barriers to debt advice. Throughout the PEPPi Project, the debt advisory network in Europe grew, not only in numbers but in strength of unity. All participating countries have access to self-help tools and support information as well as access to consumer-related information regarding the prevention of becoming over-indebted. In addition non-participating countries have access to information through the European Platform.

The PEPPi Project has supported each participating country by providing a framework for the effective transposition of CCDII.

While the Project encountered challenges as outlined above, the success of the Project is undeniable. The project's goals, as set out in our call response, have been achieved, and these barriers and challenges provide all stakeholders with valuable lessons learned for future work.