

COUNTRY REPORT: Austria

A - DEBATE ON FINANCIAL EXCLUSION/INCLUSION

1- Actual state of the debate and key players

In Austria the debate on the topic of „financial exclusion“ is especially characterized by the fact that there does not exist any legal claim for obtaining a current account. Based on the necessity to counteract financial exclusion of people the “Zweite Sparkasse” has been founded in two federal States so far, offering people with no access to financial services a fixed-term current account free of charge on the basis of a credit (see chapter: Enterprises of financial services).

Besides the access to an account further economic and social indicators which could lead to financial exclusion in a broader senses are discussed.

Overindebtedness: The number of initial consultations of the “preemptive”¹ debt advices has in comparison between 2005 and 2006 risen by 7.1 % to almost 49.913 consultations. 82.6 % of theses must be counted among the age-group of 20 to 50 years. The first half of 2007 shows a further upward trend.²

26.4 % of the customers dispose of an income below the non-executable minimum living wage of 690 €. ³ A further 30.2 % is represented in the income group between 691 to 1.000 €. ⁴

In the levy procedure the existing **proceeding of debt settlement** provides for a minimum rate of 10 %, i.e. that the people concerned are allowed to live at the margin of subsistence for seven years and that they have to clear at least 10 % of their debts.

In this way the access for people with low income and a high amount of debts to the proceeding of debt settlement is blocked and a reintegration to economic life is not possible.

Poverty: 420.000 Austrian persons are caught in solidifying poverty and about 1 million people run the risk of poverty, i.e. they dispose of an income of less than 900 € per month.⁵ Besides financial exclusion poverty also provokes social exclusion.

Minimum Wage

Gainful employment has a considerable safeguard capacity in the prevention of financial exclusion. The lower wage groups include a salary of full-time jobs of less than 900 €. The Austrian Trade Union Federation (ÖGB) and the Chamber of Commerce of Austria have agreed upon a minimum level of 1.000 € of minimum wage for 2008.⁵ As the Austrian enterprises have to belong to an employers' federation, minimum wage was introduced by a collective agreement almost all over the country. However, this shall apply for a transition period of two years. About 30.000 employees are to benefit from the introduction of the minimum wage.

The actors point out that this agreement aims at a stronger reduction of poverty in the framework of an antipoverty programme of the government.

Moreover, a great number of actors exist (the State, non-profit organizations and enterprises especially from the sector of financial services) acting, above all, in the preventive field of financial education with the intention to obviate financial exclusion. Besides assuming social responsibility this results – as a synergy effect – in a strategic enlargement of the potential client base of enterprises.

In the following the actors are introduced with their respective scopes:

State run actors

The Federal Ministry of Social Affairs and the Protection of Consumers (BMSK, www.Bmsk.gv.at) has established the department “Protection of Consumers” with one of the five subdivisions dealing with “financial services and protection of consumers”. The Ministry offers a lot of information brochures, which can be ordered as printouts or which can be loaded down from the internet. It participates in the present discussions concerning the amendment of the proceeding of debt settlement.

The Federal Ministry of Justice (BMJ, www.bmj.gv.at) deals with the legislative projects in the fields of social law, consumer rights and insolvency legislation. Important laws or amendments concerning the issue “financial exclusion” were the introduction of the “proceeding of debt settlement” in 1995 for individuals as well as the adjustment of the margin of subsistence and thus the fixing of nonforfeitable amounts.⁷ In addition to the draft bill on an amendment of debt advice the amendment of the proceeding of debt settlement is being discussed at present.

Another important institution is “Statistik Austria” (www.statistik.at). In 2000 the “Österreichisches Statistisches Zentralamt” was hiven off the federal services and was established as an independent non-profit-oriented federal public body instead, which was registered under the name of “Statistik Österreich”. For the years 2003, 2004 and 2006 the publications (EU-SILC) which were already mentioned in part 1 of the Country Report, arose, illustrating the incomes, poverty and living conditions in Austria.

Enterprises of financial services

Österreichischer Sparkassenverband

In the framework of Corporate Social Responsibility (CSR) the Austrian Association of Savings Banks, represented through „Die Erste österreichische Spar-Casse Privatstiftung“ is the initiator and financer of the “Zweite Sparkasse”, based in Vienna and Tyrol. Since 21 November, 2006, the “Zweite Sparkasse” has been offering people with no access to financial services of other credit institutions a fixed-term current account, limited to 4 to 5 years.

The customers of this bank are commended by the cooperation-partners of the foundation (Austrian Caritas and Debt Advices Austria), i.e. they are continuously taken care of. They pay a loyalty deposit for their account amounting to 3 € per month, which they are paid back after the end of the business connexion.

Included in this account are additional services in the form of insurance coverage by the "Wiener Städtische Versicherung" and one cost-free legal advice per quarter.

Thus the bank customer is insured against accidents without any costs and can, moreover, make use of a household insurance and personal liability insurance at a reduced rate of 3 € per month issued by the "Wiener Städtische Versicherung". Thus, the „Wiener Städtische“ is the **first insurance company** offering insurance products in the framework of the „micro insurance“, which provides security against special risks bearing the threat of financial exclusion for the customers of the "Zweite Sparkasse".¹ In this way, daily risks causing financial exclusion again, can be minimized at low costs.

At present, besides the „Zweite Sparkasse“ in Vienna another one exists in Tyrol (Innsbruck). An expansion to other federal States Salzburg, Carinthia (Klagenfurt) and Styria (Graz) is planned for 2008. Consequently, there still is an exclusion from financial-services for the people living in those Austrian regions, in which no offer of the "Zweite Sparkasse" exists. Thus, the credit balance-account of the "Zweite Sparkasse" is only a temporary and regionally restricted substitute for a legal claim to a basic bank account. The access to an account and the economic advantages interconnected with it relativize the medium-term and public (through announcement of the bank-connection) stigmatization of the customers of the "Zweite Sparkasse", the more so as the people without access to financial services are normally afflicted with negative-characteristics by the organizations providing protection (credit-protection-association, Scoring-procedure) of the industrial suppliers.

Raiffeisenlandesbank

The *Raiffeisenlandesbank* (cooperative bank) and the social department of Upper Austria funded the study "Youth indeptedness - analysis and prevention approaches", that has been published in 2007.

Non-Profit-Organisations

Working Group Debt Advice(ASB)

The ASB has been existing for 15 years. It developed as an umbrella organization of the Austrian debt advice centres. Since 2003, the ASB has existed as a non-profit corporation with limited liability, financed by the BMJ, the BMSK and the labour market-service. Further revenues result from "trusteeships in the levy procedure", the share trust orders of the ASB being at present above 55 % (for whole Austria).

Further central tasks are:

- The functional active participation in legislative projects
 - ECDN - European Consumer Debt Net
- The European Consumer Debt Net (ECDN) aims to bring together a broad range of actors in the fight against overindebtedness and financial exclusion, which are active in debt advice/debt regulation, in the field of financial literacy,

¹ Helga Springeneer of the Federal Association of Consumer Advice Centres considers this model as a stigmatization of customers, as through the bank data one can refer to a financial exclusion of the depositors.

in promoting better access to adequate financial services and/or in research on overindebtedness and financial exclusion.

- Participation in the poverty-conference
- The passing on of information on new developments and projects to debt advice centres and interested persons (since 1990 the journal "ASB-Informationen" appearing quarterly is published and there is a web portal (www.schuldnerberatung.at)), where people seeking advice can find the addresses of the "privileged debt advice centres" and where multifarious information is available for all the people interested in the topic (for debt advisors an internal part accessible with Login and password (→InfoDienstCenter) exists), furthermore, the ASB-letter with the most current information is published monthly.
- Participation and transaction of projects: FES - Financial Education and better access to adequate financial services.
The EU Project FES was implemented from September 2005 to August 2007 and financed by the European Community under the Second Transnational Exchange Programme of the Community Action Programme to Combat Social Exclusion 2002–2006. The project was coordinated by ASB Schuldnerberatungen GmbH, Austria, in cooperation with L'Observatoire du Crédit et de l'Endettement, Belgium, GP-Forschungsgruppe, Germany and SKEF, The Association for Promotion of Financial Education, Poland.
In cooperation with the project partners new strategies were developed in the fields of financial education and access to financial services by exchanging experiences and Best Practice Projects. This project is a contribution to the prevention of and fight against overindebtedness and the financial exclusion interconnected with it.
- Organization of an annual conference (since 2005) and the offer of further education and advanced trainings for debt advisors.
- The ASB has developed the Software programme "EVAGS" together with the debt advice centres; the ASB is responsible for programme-maintenance and the evaluation of the statistics executed by the programme.
- The actual debt- and insolvency-advice is carried out by the debt advice centres, recognized as "privileged institutions". These centres are partners of the ASB. The centres are generally financed by public funds and offer their advice free of charge. The centres are subject to particular universal quality criteria. A new legislative initiative (debt advice amendment) is supposed to improve and delimit the status of these advice centres opposite commercial suppliers by providing the centres with a seal of approval. This seal is an authorization to use the title "state-approved debt advice centre" and is supplemented by an emblem in form of an eagle.

Association for consumer-information (VKI)

The biggest umbrella organization on consumer protection is the association for consumer information (VKI). This association is comparable to the union of "debt advice centres" and the "Stiftung Warentest", the two large consumer protection associations in Germany. In order to facilitate its task of safeguarding the interests of consumers, Austrian law confers on the VKI the right to bring proceedings before the Austrian civil courts in order to assert certain financial claims of consumers, which the latter have previously assigned to it.

The VKI issues the magazine "Consumer" monthly; www.konsument.at maintains the site in the internet and runs two advice facilities (Info-Center). Inevitably, the staff members of the association get in contact with people seeking advice on financial problems they have to face or at least requiring advice on how to prevent financial problems. For instance, in 2006 advice on problems with collection-centres was given to 100 people. The background of many inquiries about finances is a "tense financial situation of the advice-seeker". The number of overindebted consumers seeking advice has increased. The VKI offers information on financial services or insurances prior to decisions of consumers as well as in cases of problems occurring in current contracts. In these cases the VKI helps by way of assistance in letters of complaint (in the name of the person concerned and in the name of the VKI), through associational claims and through class action lawsuits.

Futher institutions

Further institutions that are engaged in the field of financial exclusion are the universities with the faculties traditionally concerned with this topic (Law, Economics, Sociology, Social Pedagogy). But the study „Poverty Research in Austria“ conducted by the Univerity of Salzburg in 2003 (see Country report 1) shows that the faculties of Philosophy and African Studies also have their points of view regarding this topic. The country report 1 stated briefly that the study mentions indebtedness only with respect to young persons and the public debt of developing countries.

But the study also shows that the different faculties treat the topic of poverty and financial exclusion very differently. The 19 articles take a stand on methods to measure poverty, do research on judicial questions and consider a trip to Africa as an appropriate method to question the own points of view and prejudices.

2- Future developments/possible players of the debate

Important players are the Non-Profit Organisations (ASB and VKI) and the BMKS. Beside of the projects that serve to avoid financial exclusion, the ASB states legal claims like, e.g.:

- Increasing the minimum subsistence level to 1.000 Euro,
- Protection from distraint for capital investments in the field of retirement provisions
- Omission of the 10 % quota in the absorption process
- Shortening the duration of the debt regulation process,

that aims to offer better economical prospects to overindebted people within a reasonable amount of time. The protection from distraint for capital investments in the field of retirement provisions prevents from old-age poverty.

Moreover the ASB claims for the consumer and financial service economy to be obliged to provide young consumers with sufficient information. From the point of view of the ASB, young people should be protected judicially by means of prohibition of overdrawing their account, credits and assumptions of guarantees and liabilities.

The claim for the right to a current account on credit balance base gives rise to the conclusion that the ASB considers the institution of the „Zweite Sparkasse“ as a temporary and not sufficient solution.

B - GOVERNMENT RESPONSE FOR FINANCIAL INCLUSION (POLICY MEASURES, AS FACILITATOR AND AS LEGISLATOR)

1- Government commitment to tackle financial exclusion

On the part of politics there are three action plans to fight against poverty and social exclusion containing the following four goals that build the strategic framework for the political players.

The BMKS coordinates the national action plans with the summarisation of the reports on poverty written by the Ministries, the countries, social partners, Non-Governmental Organisations and experts.

Excerpt from the 2. National Action Plan for Social Integration 2003-2005 of the Austrian Republic, S. 1:

- Encouragement of participation in the labour force and of the access to all resources, rights, goods and services
- Avoiding the risks of exclusion
- Arrangements in favour of the socially most endangered people
- Mobilisation of all players

2- Political framework and agenda regarding FE prevention

The BMKS coordinates all organisations engaged in the field of consumer protection and considers these organisations as cooperation partners to be able to accomplish effective consumer protection.

Together with the BMJ, they support the ASB and thus indirectly the debt advices that are financed by lump sums from the respective federal state.

3- Government response

Execution-order-amendment 2008

Through the intended reform of the execution order, the legal regulations on forced administration of real estates shall be revised and online-auctions of movable objects shall be enabled. By this reform the legislator pursues the goal of a general modernization procedure that should benefit both the creditors and the debtors: However, "the sequestration should be eased for the prosecuting creditor on the one hand, on the other hand the necessary - and therefore negligibly developed - protection should be granted to the indebted person. Moreover, a court-relief is intended, and the use of EDP increases." The minister-draft came under scrutiny of an examination procedure which lasted until the end of September 2007. Its results do not make available any information up till now.

Reform of the private-bankruptcy-right

In case of insolvent private-persons, the creditors shall in the future be able to use the bankruptcy proceedings, in which a solution-perspective can be developed by means of a debt settlement procedure ("private-bankruptcy"), instead of the mostly fruitless execution-procedures.

Also an alteration as well as an abolition of the regulation having stood in the discussion for years of the 10 percent minimum-quota with the satisfaction of the creditors in the procedure to the private-bankruptcy is discussed in the framework of the reform-endeavors.

Minister for Social Affairs Buchinger favours the omission or reduction of the minimal quota of 10 % in the absorption process, while the Minister of Justice preferred the dismissal of the executions in case of illiquidity.²

Debt-counseling- amendment

With the intended reform, shall amongst others the problem be solved that at present at contact-reception with an information centre overindebted people can recognize only heavily, whether this centre is a debt-counseling centre privileged by the federal-ministry for justice – which act gratuitously - or not.

In the future the privileged debt-counseling centres shall be unequivocally recognizable as such for all advice-seekers already through a more comprehensible title ("recognized debt-information center") and the signposting of the institution ("by the government acknowledged debt-counseling centre" and federal-coats of arms).³

The examination-period finishes at the 16. May 2007.

4- Future (known and possible) developments

In August 2007, the Austrian Federal Ministry of Social Affairs and the Protection of Consumers presented a new concept regarding a "needs-oriented guaranteed minimum income" intended to replace the current welfare aid.

According to the concept, payments shall be effected only if recipients prove their working ability and if they are available to the labour market. Criteria such as health condition, age and family obligations, such as child-rearing or caring for a family member, are to be considered when assessing if a job is reasonable or not. Furthermore, payments shall only be effected if recipients do not have own funds, such as assets or income, or could claim payments from third parties. Regulations regarding own vehicles needed to go to work, for disability reasons or lacking infrastructure (no public transport) shall be eased, allowing people to have a vehicle at their disposal.

For 2007, the amount of benefits was calculated to be € 726 gross or € 690 net (including 25 percent housing costs), based on the Austrian poverty line. A single recipient of benefits would receive this amount 14 times per year. The amount of child benefit is still being discussed.

A controversial issue is whether recipients shall repay benefits in case they would achieve own income or assets in future. In this context, also regulations regarding alimonies are being discussed.

² ASBbrief, Nr. 81, Mai 2007

³ s.a.: [Entwurf Schu-Nov \(PDF, 20k\)](#), [Anlage A: Schuldenberatungszeichen \(PDF, 45k\)](#), [Erläuterungen zur Schu-Nov \(PDF, 25k\)](#), [Textgegenüberstellung alt - neu \(PDF, 20k\)](#), Stand 13.10.2007

In general, however, the "needs-oriented guaranteed minimum income" is not only meant to replace the current welfare aid but is to be seen in the context of further steps aiming at considerably reduce poverty in Upper Austria.

- Inclusion of benefit recipients without health insurance into the social health insurance scheme to provide unlimited access to the health care system
- Introduction of a minimum wage of € 1000 gross
- Introduction of a "One Stop Shop" at the Public Employment Service Austria (AMS). The AMS and their "One Stop Shops" (~ job centre) are to supervise and care for those benefit recipients who are able to work in order to reintegrate them into the working world.⁴

C- MARKET RESPONSE FOR FINANCIAL INCLUSION (VOLUNTARY CHARTERS, PROVISION BY ALTERNATIVE PROVIDERS OR MAINSTREAM PROVIDERS)

1. Stakeholders commitment

a) Banking industry commitment

Corporate Social Responsibility (CSR) is a new valuation of the social responsibility of companies, considered by the saving banks as the continuation of the traditional ideology of public weal. In this context, projects like the „Zweite Sparkasse“ (english: Zweite Sparkasse) initiated and financed by the ERSTE foundation are funded. Furthermore regional funding of projects that improve the financial education of young people takes place. For these purposes, many cooperations with regional debt advices were established.

Savings banks

To the topic "contact with money as well as youth-indebtedness" the Vorarlberger savings banks let develop a "debt-trap-cabaret" with the Tyrolean savings banks together.

In June 2006, within the framework of a "Crazy horror toads show" more than 500 schoolgirls and students were sensitized for the dangers of the "debt-trap". This cabaret-program is applied to the finance-driver's license from savings banks as accompanied supplement.⁵

b) Not for profit sector commitment

In the field of prevention, the target group of many projects are, corresponding to the legal conditions, young people and young adults, because the danger of overindebtedness increases from 0 to 100 % with reaching the full legal age.

⁴ Quelle: website BMSK,

http://www.bmsk.gv.at/cms/site/attachments/0/0/5/CH0007/CMS1186056066597/070731_presseunterlage_mindestsicherung.pdf, Stand 13.10.2007

⁵ s.a. : https://www.sparkasse.at/sPortal/sparkasseat_de_0008_ACTIVE/Downloads/sVerband/Leistungsbilanz_2006.pdf, http://www.sparkassenschwaz.at/Sparkassen-Bilder/2007/Kroeten_Show_07.htm and http://fp.tsn.at/hs-stumm/seiten/projekte/2006_04_Kroeten_show/kroetenshow.htm (S. 7) , Stand 13.10.2007

Furthermore many studies, e.g. the Upper Austrian youth study „Jugendverschuldung – Analyse und Präventionsansätze“ (ASB-Brief 79, english: Youth Indebtedness – Analysis and Methods for Prevention) conducted by the social department and the „Raiffeisenlandesbank“ (cooperative bank), could show that young people have only deficient everyday knowledge regarding topics like how to deal with money and financial services.

As a consequence from the results of the study, the Upper Austrian social department claims for a obligatory incorporation of the matter into the school curricula. As many projects in the field of prevention are conducted only if funding of the projects are guaranteed, governing bodies, sponsors and names of the projects are changing continuously and regional limitations often exist as well. Current projects are, e.g. (for details: C2) , the Upper Austrian „Finanzführerschein“ (finance licence) conducted by the „Verein für prophylaktische Sozialarbeit“ (english: Association for prophylactic social work) in Linz, the project „Klartext“ conducted by the Upper Austrian debt advice and the DVD „THE CASH ON TOUR“ developed by the „Oberösterreichische Jugendinfos“ (english: Upper Austrian Information for Young People). The following topics are characteristic for the work in the field of information provision for young people:

- 1.) Legal capacity
- 2.) Banking transactions, types of banking accounts, contracts, insurances
- 3.) Using mail-order bussiness or internet bussiness
- 4.) Expenses for mobile phones
- 5.) Household budget book
- 6.) Expenses for car, apartment and energy
- 7.) Raising a credit and consequences in case of problems with repaying the credit, debt advice

c) Other organisations commitment

Since 2003, the EU-SILC project, implementation of which has been commissioned to „Statistik Austria“ for Austria, has served to gather information on living conditions in all households throughout Europe.

In the context of a representative and annually updated survey, participants are asked to inform about the income of household members and their job situation, housing costs, the general housing situation and equipment of households, but shall also assess their own financial situation. There are questions regarding the availability or non-availability of access to certain goods and services to find out if people are affected by social exclusion.

The data obtained through this survey represent an important basis for social policies in the participating Austrian Laender.

2. Services provided and programmes implemented

In the following, central projects from recent years dealing with the problem of financial exclusion and its prevention are presented.

Financial Driving Licence Austria

In the context of debt prevention activities, the „*Finanzführerschein*“ (financial driving licence) has been introduced in the Austrian Laender of Vorarlberg and Upper Austria. The idea originated from already established prevention activities. The

Vorarlberg financial driving licence was developed by the debt advice centre of the *Institut für Sozialdienste* (institute for social services) in cooperation with the association "*aha – Tipps & Infos für junge Leute*" (aha – tips and information for young people) Furthermore, the state government of Vorarlberg, the Chamber of Labour (*Arbeiterkammer*), the Chamber of Commerce (*Wirtschaftskammer*), the Public Employment Service Austria and 4 banks in Vorarlberg also participate in implementing the project.

In Upper Austria, the *SCHULDNER-HILFE* (aid for debtors) of the Linz-based association for prophylactic social work developed a similar training model.

The financial driving licence is intended to help prevent over-indebtedness. As early as possible, young people shall be prepared for their "financial life" and be encouraged to face up to topics such as money, consumption and planning their lives in order to learn how to handle money in a responsible way. The project aims at improving financial literacy, building social competency and developing crisis management skills. Included in financial literacy are, for instance, knowledge on various products, such as credits, and the ability to compare offers, plan one's individual budget and set up a household plan.

Training is provided in form of different modules focusing on certain topics. In Upper Austria, training is carried out by debt advisors, in Vorarlberg by several institutions, also by banks, for example. The driving licence will be issued upon completion of a certain number of modules. The driving licence model of the *SCHULDNER-HILFE* stipulates a financial check-up at the end of the training, that is, an enquiry on the knowledge achieved, entitling to obtain the financial driving licence.

In Vorarlberg, the target group are children and youth aged ten to eighteen, in Upper Austria it is young people aged fourteen to twenty-five, especially those with little education. Training is carried out, for example, at *Hauptschulen* (general-education secondary schools -- 5-9 grade), *Polytechnischen Oberschulen* (secondary schools up to 10th grade) and firms where apprentices are trained.

In Vorarlberg, the financial driving licence has already been introduced in May 2006. Since then until January 2007, as much as 1,907 people participated in the training. The "*Unruhe-Privatstiftung*" (Unruhe Private Foundation) in Vienna awarded the "*SozialMarie*" (award to honour innovative and creative social projects) to the Vorarlberg financial driving licence. It was predominantly the different workshops offered to young people the jury found convincing. Also the linking-up of debt counselling organisations, Chamber of Labour, Chamber of Commerce, AMS and 4 large banks was considered to be exemplary.

An external office evaluated the Vorarlberg financial driving licence for the period from September to November 2006. The office concludes from feedback given by children and youth that there is high satisfaction with the training provided in the context of the financial driving licence. Statements on lasting effects of the project could not yet be given.

In Upper Austria, so far 400 young people have participated in such a training involving eighteen institutions (as of September 2007). So far, reactions have been positive, with scientific evaluation scheduled for autumn 2007.

The Vorarlberg project sees future need for improvement regarding the continuity of participation: During the first stage of the project, only one third of participants completed the financial driving licence and only one school made use of the opportunity to attend further modules. Therefore, re-establishing contact to previous

participants and institutional integration of the financial driving licence represent future goals. Moreover, a working group is to be set up to improve cooperation between the different project partners and to serve as a platform for the exchange of experiences in implementing the modules. Also in terms of content the modules shall be developed further.

A comparable project has been set up in Lower Austria: The training to become a so-called “financial scout” provided by the debt counselling organisation of Lower Austria is the first peer training within the finance prevention sector throughout Austria.

„Schulden-Shredder“

The project „Debt Shredder“ aimed at providing better access to the labour market and preventing unemployment. The target group were over-indebted people who, in addition, had no job or were in danger of losing their job. Special target groups were people released from prison or formerly self-employed people having problems in finding a job. Another aim was to enable jobless people or those working in temporary or poorly paid jobs to take part in court-based debt settlement procedures. Not least, employers and job agencies were to be sensitised to the situation of over-indebted employees and legal conditions were to be improved.

After half a year of preparations, the programme started in September 2002 and was continued until September 2005, i. e. 3 years in total.

Project partners included: eight debt advice centres, several educational institutions from Germany and Austria, one regional development agency from the Czech Republic and a software company working on the internet portal for the debt counselling organisation. Overall coordination in terms of contents was managed by the *ASB GmbH*.

Within Module 1, an *InfoDienstCenter* (information service centre) featuring debt shredder tools was established. This meant the establishment of an internet portal (www.schuldnerberatung.at) providing information for those directly affected (debtors, relatives, etc.) and those indirectly affected (debt advisors and other people interested in the topic). After the project ended, the internet portal has been at the disposal of users and is continuously updated by the *ASB*. Additionally, as part of the module *InfoDienstCenter* personal computers had been installed in the advice centres as “debt shredders” and are still available today. There is software on the PCs that can be used by advice-seeking people to keep a book of household accounts or to calculate loans or garnishments.

Module 2 focused on problems at people’s workplace developing from indebtedness or over-indebtedness. The study’s results were used to develop seminars for employers and staff of the human resources departments explaining the subject of debt settlement and how to calculate wage garnishments. The contacts built during these seminars led to improved cooperation of employers and debt advice centres.

Module 3 aimed at developing an advice concept for over-indebted offenders. However, in the documentation on the concluding conference of the “debt shredder” project (published by the *ASB*) it was said there are very little possibilities to help delinquent people reintegrate into society, especially if they have been imprisoned and consequently experience rapid deterioration of their financial or debt situation.

Since February 2007, teachers, youth workers and debt advisors working with young people on “money and finances” have been offered the DVD “The Cash” to provide low-threshold introduction to the subject. The DVD is meant to act as an appetizer, deliberately using the name-relationship with the rock group "The Clash" as a gimmick to address young people.

The DVD comprises five „quick“ clips of 20 minutes in total, addressing the topics of consumption and how to handle the first self-earned money. The price of € 11.37 is rather reasonable and will probably help in circulating the DVD. Apart from the laymen youth actors also several known cabaret artists took part in the shots. The DVD also shows the background situation of becoming indebted the first time and its impact. The DVD comes with the brochure “The Cash – on tour” providing young people with a summary of important information, such as costs of a mobile phone, car leasing, etc., and a small reference book.

Debt prevention at school and in companies (Tyrol)

On behalf of the Tyrol state government, the Tyrol debt counselling organisation has developed a concept for debt prevention at secondary and vocational schools. Supported by the Chamber of Commerce and in cooperation with two savings banks, 99 seminars were held at schools in 2006. There had been plans to also provide training to disseminators (debt advisors teaching teachers), however, they could not be realized due to limited human resources. Instead, interested pedagogues can now download the teaching material via their account with the Tyrol educational service (www.tibs.at).

Furthermore, the Tyrol debt counselling organisation offers seminars/workshops to be held at companies' premises for 6 to 12 people, addressing mainly apprentices and young employees. These seminars are paid for by the Tyrol Chamber of Commerce, i. e. they are free of charge for participating companies.

The "Klartext" project

Since 1999, the debt counselling organisation of Upper Austria has provided various offers and information on debt prevention under the "Klartext" logo. At the level of people being directly or indirectly affected, the target group of the project are parents, teachers, youth workers, young people and children, at the structural level, it is the media, political institutions and interest groups, and the public in general. Information is accessible at the site www.klartext.at. The site features a rather attractive optical and graphical design and immediately arouses interest in the different subjects. There is even the possibility to create an own small animation in the form of a comic, e. g. a conversation between a (loan) shark and a piggy bank. The cartoonist Michael Pammesberger developed a very funny design for the animation, further e-cards and a calendar. As part of the project, also lectures, seminars and family workshops for parents are offered. Parents are often uncertain of how they can teach their children financial literacy without burdening their offspring with too much responsibility or stoking unfounded fears. Another module of „Klartext“ is the online ‘debt suitcase’, a teaching aid on the subject of “handling money and consumption”. There are many materials for download (account required) and references on books, press information and current TV reports on the subject.

D- EVALUATION OF IMPACT

- Important characteristics of the mentioned offers are the age-specific presentation of the contents and the learning by practical examples, e.g. in terms of role plays.

Even if many young people already benefit from the projects, one should investigate the number of young people who are not informed about these important topics and schools should be forced accordingly to convey these contents to their pupils. It has to be discussed if one should take the detour to optimise consumer education on the part of parents by means of parents' education, as the study mentioned above claims for. On the one hand, their role as direct models gives parents great influence on their children, on the other hand, they will feel incapable to cope with it should they have difficulty in acquiring the necessary knowledge. Furthermore, there is the question when and where parents shall be provided with the necessary knowledge and who will pay for it. In this respect, the offer's prospects of success appear to be partly limited, but with today's knowledge it is not possible to make a conclusively statement on medium-term effects of the different projects with regard to the prevention of financial exclusion and promotion of better access to financial services.

- Evaluation of Impact: "economic evaluation of debt advice"

The study "economic evaluation of debt advice" in order of the ASB has analysed the effects of debt advice. In a 3-phase-model based on a "Input" (labour costs and material costs of the debt advice) to the "Output" (assessment of the service with the charge of similar services available on the market for example services from a lawyer) finally over to the "Outcome", what are the effects of the debt advice on the debtor (for example staying in employment, bettering the income, etc.). With the help of expert interviews and questioning the clients of debt advices the economic effects of the offer are calculated in a sum of money, which is compared to the sum of money the Austrian debt advices cost. All costs have been extrapolated which came to the amount of 8 Mio €. This amount can be separated in 80% labour costs and 20% material costs. As a sum of economic effects this 8 Mio € can be opposed to a sum of about 18,4 Mio €, which the government can save by the assignment of debt advice.

The sum of 18,4 Mio € is calculated as follows:

1. Avoided payments of emergency cover/unemployment benefit (about 9,5 Mio €)
2. Received contributions of the social insurance (about 6,9 Mio €)
3. Received taxes (about 2 Mio €)

The high saving effects for the government and the further additional receipts are a result of the questioning. It acquired that conditional on the debt advice the clients were able to stay in their employment (about 40%) and about 11,5% of the clients even have found a new job.

To be named as reasons for the high importance of debt advice to secure a job or find a new one, are:

1. If the debtor passes the bankruptcy proceedings being in employment is one of his obligations what means that he has to effort to stay in employment (and to achieve an income as large as possible to pay the court costs and the creditors) or he has to search a new job more seriously than common if he is unemployed.
2. Are attachments of earnings existent the debt advice is able to help the debtor to handle the attachments better or the attachments are removed while a longer time by a general debt regulation. This will contribute to a higher motivation on the job and better accomplishment.

The consequences for the debtors job finally have an effect on his spending power too. With his consumption he will act to the welfare of the national economy. This positive effect on the national economy is also given if the debtor gets alluded to social benefits he can get by the debt advisor. This now can be accessed by the debtor if he has not done it before.⁶

⁶ http://www.schuldnerberatung.at/equal/doc/asb_studie_oekonomeval_oA.pdf, Stand 13.10.2007