

Use of covenants in Dutch practice of debt resolution

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About NVVK

- Dutch association of social banking and debt advisors
- > 100 members
- Today members cover a broad spectrum of social financial services:
 - Debt advisors
 - Social banking
 - Guardianship
 - Financial administration



Regulatory regimes for debt resolutions in the Netherlands

- Amicable settlements (2019: 20,500)
- Compulsory settlements (2019: 5,000)

Road blocks to solve

- Average debt €43,500
- On average 14 creditors
- 5 formal moments of communication,
many more informal contacts

Global framework of Amicable Debt Resolution



Covenants with creditors

- Collective agreements between NVVK and (collectives of) creditors
- Work arrangements
- Improving and accelerating the resolution process
- Base: NVVK Code of Conduct and Product Modules

Mutual advantages of covenants



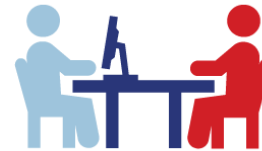
Debtor

- Faster financial clarity
- Faster debt-free



Creditor

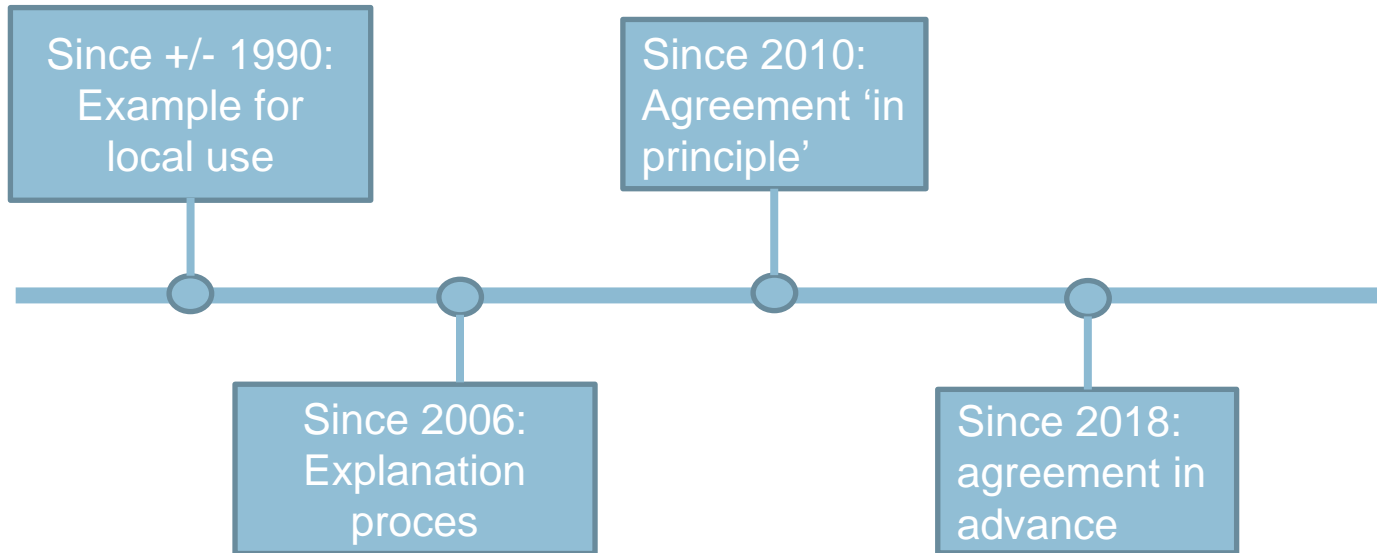
- Lower administrative costs
- Faster write-offs
- Corporate social responsibility
- Restoration customer relations



Counsellor

- Less paperwork
- More chance of a successful deal
- More opportunity for behavioural change

Evolution of 'Covenants with creditors'



Overview of covenants

12 Covenant partners

Examples:

- National government
- Health insurance companies
- Utility companies
- Telecom
- Credit management organization
- Etc.

Ambition

- To cover the Top 10 creditors