



NIBUD

Realistic Repayment Capacity

EU-meeting best practices debt advice

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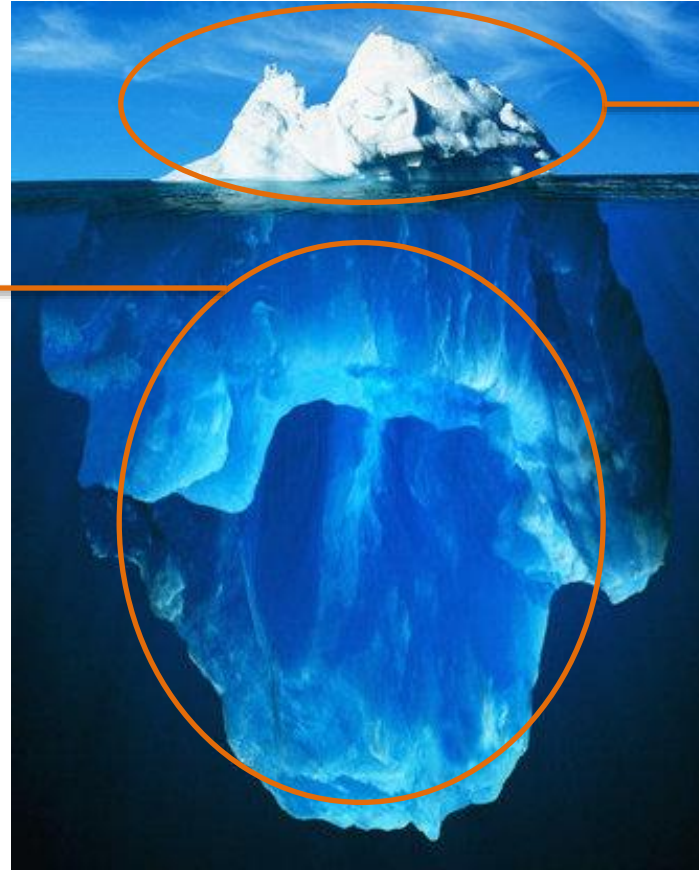


Problem

- **Small repayment problems can lead to overindebtedness**
 - Additional costs of debt collection
 - Wage seizures
 - Taking out more credit
 - Stress may lead to irrational behavior
- **Unrealistic repayment schemes**
 - Debtor: Minimal living conditions should be met
 - Creditor: Debts should be repaid
- **Lack of trust & information between debtor and creditor**

Debts in the Netherlands

- 880.000 people with light payment problems
- 826.000 people with serious payment problems



- 94.200 applications at debt advice
- 12.596 applications for legal debt settlement
- 45.000 people have an administrator

Nibud: Dutch National Institute for Family Finance

Main aims:

- Increasing the welfare of consumers by promoting sound planning of family finances
- Preventing overindebtedness



Independent foundation

- 12,5% subsidy government
- 12,5% subsidy financial institutions
- 75% project finances & own income
 - Selling information
 - Consultancy
 - Education (of professionals)
 - Research projects
 - Licensing of software/ calculation tools
- 35 employees
- Known by almost 90% of Dutch population

Domains Nibud

- Money management now
 - Budgetting
 - Reference budgets
- Income support and fighting poverty
 - Website (5 million visitors a year)
 - Advising national, local government, financial industry
- Financial education: learning goals & competences
- Money management long-term
 - Mortgage & credit norms
 - Adequacy of retirement income

Solution

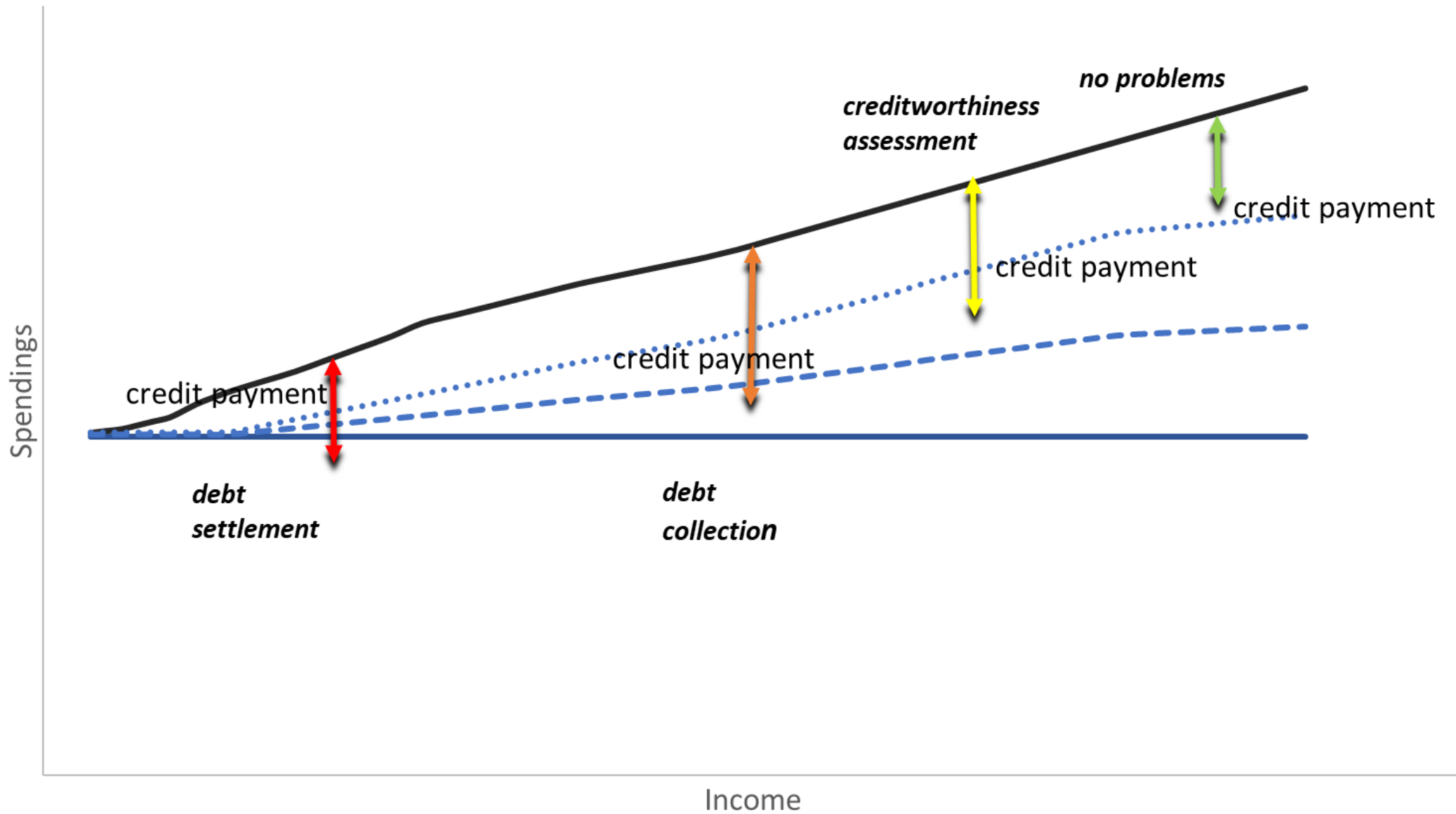
- **Realistic repayment schemes**
 - Not worsening household situation
 - Early signalling when full repayment is not possible -> debt advice
- **Also used for credit worthiness assessment (by law)**
- **Easy to use**
- **Trusted**

Affordability

Income must be enough to do necessary spending

- What is necessary spending?
 - 1. Minimum basket of goods and services**
 - Necessary for everyone
 - Nibud-reference budgets depending on household characteristics
 - 2. Personally unavoidable spendings**
 - (High) rent/ mortgages
 - Special situations (medical, individual obligations)
 - 3. Income dependent necessity**
 - Not realistic to put households with high income immediately on minimal spendings
- Social minimum is not equal to affordable
- In NL: couple with 3 or more children cannot live on social minimum

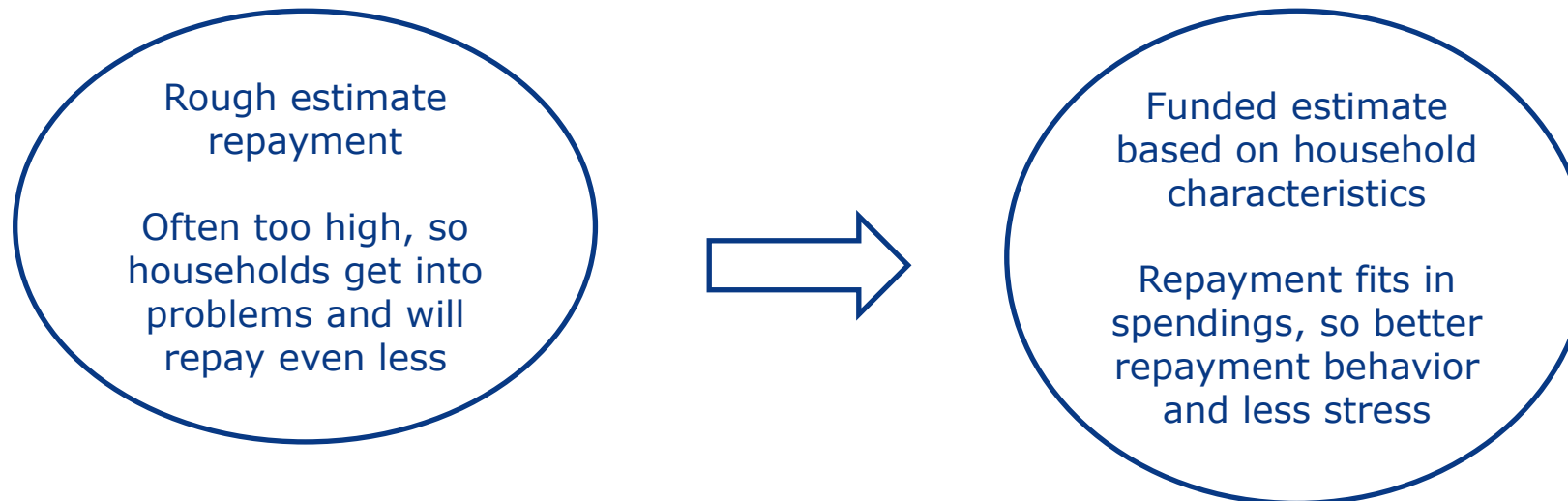
Affordability method



— Disposable Income — Minimal basket Average spendings - - - Norm spendings

What does the Repayment Calculator?

- Calculates the financial room for a monthly repayment based on income, household characteristics and spendings
- Tool is made to help debt collectors and debt advisors to make a realistic estimate of the repayment capacity of a household.



Repayment calculator



- Introductie
- Klant gegevens**
- Detail resultaat

Privacyverklaring
Nibud

Klantgegevens

Wat is uw leeftijd?

34 jaar

Woont u samen met een partner?

Ja Nee

Hoeveel thuiswonende kinderen heeft u?

Geen
1
2
3
4
5
6

Wat is het totale netto inkomen dat u per maand heeft?

€ 3.200 ,--



- Introductie
- Klant gegevens**
- Detail resultaat

Privacyverklaring
Nibud

Betaalt u partneralimentatie?

Ja Nee

Betaalt u kinderalimentatie?

Ja Nee

Betaalt u voor kinderopvang?

Ja Nee

Zijn er nog andere aflossingen die u moet betalen?

Ja Nee

Hoeveel betaalt u aan andere aflossingen per maand?

€ 50 ,--

Resultaat:

Afloscapaciteit per maand:

€ 84,--

Maximale Afloscapaciteit per maand:

€ 412,--



Repayment calculator - details



Aflosberekenaar

- ✓ Introductie
- ✓ Klant gegevens
- ⊙ Detail resultaat

Voorbeeld uitgaven

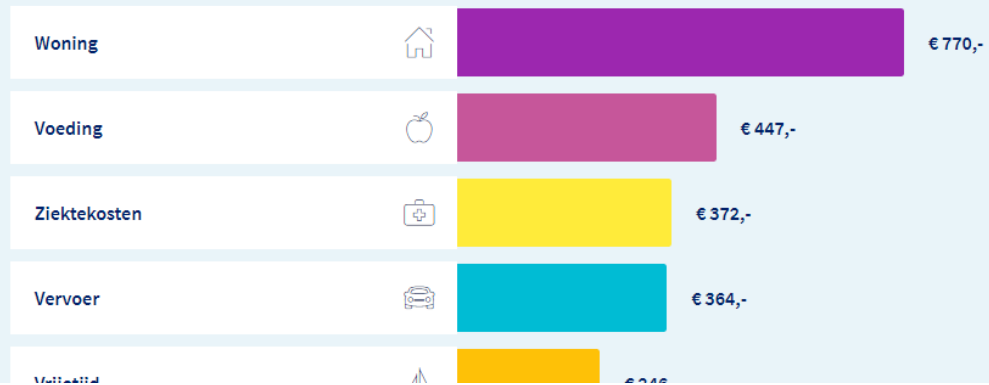
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Future

- **Data sharing & combining**
 - Reference budgets combined with individual spending patterns (PSD2)

- **Covid-19 will trigger debt problems**
 - New groups with problems
 - Youth
 - Flexible workers
 - Self-employed