

# Understanding and Combating Financial Exclusion and Overindebtedness in Ireland: A European Perspective

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# Promoting Financial Inclusion

- Financial inclusion involves ensuring appropriate access to financial services for every citizen
- A key policy issue which needs to reconcile the interest of all citizens and financial services providers



# A Need for Regulation

- Free market mechanisms cannot achieve full financial inclusion
- Effective regulation is needed regarding
  - Basic banking services
  - Affordable credit
  - Arrears management and overindebtedness

# Basic banking services

- Incentives for take-up are needed
- Basic banking services should provide
  - Appropriate supply (accessible all over the country)
  - Appropriate features (current account, debit card, etc.)
  - Appropriate costs (no cost and limited charges when customers break a term of their contract)

# Responsible credit

- Responsible borrowing questions the availability of alternatives to consumer credit
  - Level of wages and social benefits, public services, etc.
- Inappropriate lending practices should not be profitable or possible
  - Potential solution includes regulation on price and arrears management

# Dealing with Overindebtedness

- Overindebtedness involves dealing with the borrower's global situation
  - All types of debts (from mortgage to utilities' debts)
- A three steps process
  - Commercial negotiations
  - Amicable debt settlement procedure
  - Judicial collective debt settlement procedure