

## Synthesis of the German situation

In Germany the current political discussion on means and ways to promote financial inclusion and to prevent / to fight financial exclusion is strongly influenced by the discussion on the draft bill presented by the federal government concerning the reform of the protection of account garnishments. By introducing an account for the protection of garnishments (P-account) this law is in the future supposed to prevent the permanent blockade of garnisheed accounts and consequently the redemption of the bank account as well as the exclusion from cashless payment transactions resulting from it. The federal government's glance at the problem is approved by the organisations of the debt advice centres. It appears doubtful, however, whether a solution of the problems can really be achieved by the scheduled regulation. A legal claim on a current account has not yet been provided for; thus the P-account rather represents a measure to limit the damage. It also seems problematical that

- nonforfeitable and nonrecurrable social benefits are not automatically protected and partially must be protected against garnishment on the account by dint of judiciary application for release
- facility fees and account fees for the new account for the protection of garnishments remain unregulated so that high fees must be assumed (as is already common use)
- The unlimited ongoing-effect of the garnishment
- garnishment applications can be repeated unboundedly
- protection against garnishment of an account is insufficient for self-employed people.

Moreover, basic questions are still contestable in the political discussion. Thus, detailed censuses are lacking on the number of persons who – against their own will – do not dispose of an access to a bank account. The description of the problems through the debt advices is denied on the part of the banking associations, even though the latest censuses acknowledge these results (see, among others, <http://www.vzbv.de/go/dokumente/660/3/13/index.html>).

Up till today the credit institutions refuse an obligatory voluntary commitment on the recommendations by the ZKA and reject to acknowledge the arbitration decision of the arbitration boards as being binding.

On the part of the banking associations the German “Sparkassen- und Giroverband” with its advisory service “Money and Household” has up till now agreed to a financial aid of the scheduled “Federal Portal Debt Advice” of the Federal Association of Debt Advice e.V. (online advice service in addition to an online guidebook (“my debts”). This project is to be realized in 2008.

Besides the reform of an account garnishment the reform of the bankruptcy act is of importance for the promotion of financial inclusion and the prevention of / fight against financial exclusion. On presenting the draft bill the federal government has reacted in many points on the criticism of the debt advice and consumer associations, the scheduled regulations, however, seem to endanger the prospects of those overindebted persons to successfully cope with the insolvency proceedings, who only dispose of an income amounting to the margin of subsistence.

In the political debate the topic of financial exclusion gets more and more important, particularly by the discussion on basic financial security in old age, child poverty and social justice.

For lack of political responsibility the consumer and debt advice organizations have actually no contact person to achieve improvements.

The ongoing weakening of the financial power of these associations undermines the lobbying for disadvantaged social groups.

There are many projects in Germany aiming at developing the financial competence of adolescent target groups. However, up till today the structural and the conceptual placement of financial education in the course of instructions and in the teaching experience is often unsettled and in need of being developed.

Up till now no conceptions for certain target groups (such as migrants) have been developed. There is a considerable backlog in this field.

The structural imbalance between supplier and consumer concerning experience and legal knowledge has been tackled in the past years on several levels (distance selling, e-commerce etc.) and increased duties of disclosure for the suppliers helped to improve the rights of the consumers. But no comparable regulation for individualised consumer education exists for creditors, although raising credits is very riskful for the customers.