

National report



LLP-ERASMUS
Intensive Programme

**Internet advanced promotional tools application for increasing awareness
of social exclusions movement**

Financial exclusion inGermany

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Introduction

This paper highlights the problem of financial exclusion and its possible remedies. To give a good and comprehensive overview, some basic facts and figures about this issue will be presented at first. Then it will be discussed how the problem of financial exclusion can be dealt with and which solutions already exist. A great part of this work is based on the study "Financial Services commission and Prevention of Financial Exclusion" prepared by the European Commission. The aim of this study is to identify and analyze the most effective policy measures for the prevention of financial exclusion of people who are affected by poverty or social exclusion. Access to financial services has become a necessary prerequisite for participation in the economic and social life.

However, in most countries, many people have difficulties in terms of access to or use of adequate financial services to the general market. Financial exclusion is closely related to social exclusion. In fact, the relation between these two kind of exclusions can be described as a vicious circle. Poverty or social exclusion affected people usually don't have access to financial services, and this increases, in turn, the risk of social exclusion.

For whom is the risk of financial exclusion the greatest? First of all people who live on low incomes, and consequently unemployed people, single parents who take care of their children, and people who are unable to work due to illness or disability. Migrants are particularly affected. Living in a disadvantaged area, increases the risk of financial exclusion. This reflects the scarcity of financial services reflected in such communities. Financial exclusion is part of a much wider social exclusion, where groups of people have no access to basic services such as jobs, housing, education or health care (European Commission, 2012).

1. Level and structure of financial exclusion

In Germany developments are of great specific dynamics which threatens to bring the country into a social imbalance. Politics and society may not accept this as an unalterable automatism.

The top hundredth of households own 25 percent of the total national wealth, the top ten percent can be set up comfortably with the half of Germany's total assets - but 50 percent of people in this country just has a single percent of the total ownership. During the period 1992-2012, which is based on these figures, the assets of the state fell by 800 billion, partly because private claims and liabilities have been moved to government balance sheets (Statistisches Bundesamt, 2012).

Germany was in Europe once more focused on equality than others. In East Germany in any case, but also the old Federal Republic, it was understood quite well to give a part of the population the chance to wealth, without making the other poor.

The social disintegration as it reflects the poverty and wealth report will tear this country. It can destroy the fundamental consensus and overthrow the parliamentary system into a deep crisis. Who, however, pleads for property taxes and higher top tax rates, is not a disguised communist. Who is fighting for minimum wages and against the battering of full-time jobs, does not attack our economic order (Appenzeller, 2012).

To measure the risk situations to the poverty rate two social indicators were introduced on the basis of European Union Statistics on Income and Living Conditions(EU-SILC):

The proportion of the population with severely materially deprived and the proportion of persons who live in households with very low work participation. Such a household is given when the actual participation of everyone in your household, working household members is less than 20% of their potential participation.

Table 1 - Living conditions, poverty

The following table presents community statistics on income and living conditions (EU-SILC). The poverty and social exclusion in Germany by gender and age are demonstrated.

Sociodemographic order	2008	2009	2010	2011	2012
Population that is affected by poverty or social exclusion – share in percentage					
Total	20,1	20	19,7	19,9	19,6
Women	21,6	21,2	20,9	21,3	21,1
Men	18,5	18,8	18,6	18,5	18,1
Under 18 years	20,1	20,4	21,7	19,9	18,4
Women	19,5	18,3	21,4	21,5	19,2
Men	20,7	22,1	21,9	18,6	17,6
18 to 65 years	21,5	21,1	20,8	21,3	21,2
Women	23,1	22,8	22,1	22,4	22,7
Men	19,7	19,3	19,4	20,1	19,5
65 years and older	15,5	16	14,8	15,3	15,8
Women	18,2	18	16,8	17,4	17,5
Men	12,6	13,8	12,6	13	13,9

Source: EU-SILC, Leben in Europa (2013).

The welfare state is not capable to create a balance: The gap between rich and poor in Germany is increasing. For the fourth time since 2000 the German Government analyzes who is poor and who is rich and how the distribution of the assets develops. According to the poverty and wealth reports since 2007, the number of the long-term unemployed population has declined by around 40 percent to an annual average of 1.06 million people in 2011. At the same time, the number of registered workers has risen - but also the number of people who work at low wages. On average 23 percent of the German workers receive low wages.

In 2010, there were 7.9 million people who have worked for less than € 9.15 per hour. Labour

Minister Ursula von der Leyen suggests in her report that minimum wages may reduce the risk of poverty and thus financial exclusion. From 1998 to 2005 the number of the so-called income poverty has risen from 10 to 15 percent of the German population. Since then, this figure remains almost constant at 15 percent (Statistisches Bundesamt, 2012).

The private wealth in Germany keeps increasing. The richest become richer. The wealthiest ten percent of all Germans have more than half of the total assets, the lower half of the households remain with just one percent. The private net assets increased according to government figures, increased to 1.4 trillion euros between 2007 and 2012 and that despite existing financial crisis in 2008. The share of the top tenth "still continued to increase over time." According to the official figures the share amounted 45 percent in 1998. In the hands of this group in 2008 was the richest households, more than 53 percent of the total net assets. Ten years later, the group of the richest households held more than 53 percent of the total net assets(Sirleschtov, 2012).

2. Causes and consequences of financial exclusion

Unemployment is the most important cause of poverty and social exclusion. Consequently employment is the best strategy for combating poverty and social exclusion.

To what extent people participate in the labor market and achieve a living wage, depends partly on personal characteristics such as qualification, age and employment history. The risk to not pursue any secure livelihood employment, is driven in particular by the following individual characteristics and working biographical factors: Insufficient formal education and usable professional qualifications, longer periods of "casual" or de-qualifying employment without opportunities for advancement, longer periods of unemployment, which lead to a devaluation of previously acquired skills, health problems and disability, family responsibilities that make it difficult to get a livelihood employment, as in the case of single parents with young children. Social cause such as aging, coupled with the technological gap, increase financial exclusion. Many factors which contribute to exclusion are related to supply and demand: e.g. banks refuse to open checking accounts for certain groups of people, inappropriate product design, poor service and high fees for checking accounts, which discourage people to get hold of these services and to use them. The view that bank accounts are nothing for the poor, as well as concerns regarding the cost or the fear of loss of financial control also play a role (European Commission, 2012).

Financial exclusion is closely related to social exclusion. Access to and use of basic financial services such as bank accounts and easy transactions play a crucial role in the integration of people in the contemporary German society (Foerster and Mira d'Ercole, 2005).

German conservatives argue that the violence in the underprivileged schools affirm the failure of the multicultural society in Germany. The conflicts seen at secondary schools are not primarily between ethnic groups, but between poor and rich. The cause of violence is social exclusion, which leads to frustration and eventually to aggression.

Problems with violence also exist in a structurally weak regions. Taking parts of eastern Germany as an example where youths affiliate to extreme right-wing groups and vent their frustrations on weaker, immigrants and others. The majority of secondary school students in urban areas has no perspective to get an apprenticeship. About 20 percent of young people in Germany don't get the chance of a livelihood employment by their own. Migrant children are particularly affected (Thöne, 2006).

The life situation of poor families is a source of permanent slights. There is sort of a social "belonging prohibition", which is associated with hopelessness and feelings of the individual failure. The desire appears within easy reach, but it is made to obtain it or to get it only at an "insane" price, which means not portable debts for this families.

Parents who experienced social deprivation, especially if they live on welfare, experienced feelings of powerlessness and humiliation. The dependence on social assistance is - experienced by half of the recipients as exclusion and declassification - according to a study by Jacobs and Ring Beck (1992). In the interviews with families who had received social educational family assistance, designated family members often referred to as bitter experience of being devalued and controlled at many levels at their social environment: at school and kindergarten, the youth welfare office, social security office and other public authorities.

The exclusion of the families on a material level has social exclusion by itself, resulting in high sensitivity to fast wounded pride and resistance on the part of families, which can easily be interpreted negatively again. This creates spirals of mutual defense. To have someone with whom you can talk without being treated differently, is often formulated as the most important experience of recipients of socio-educational family assistance (European Commission, 2012).

From poverty to the peripheral existence. Napp-Peters refers primarily to lone parents, but her statement fits well to other families: the exclusion from the "normal" life leads to a redefinition of the problem situation: "From their poverty shall the peripheral existence, shall with progressive position a person with 'deviant behavior' ". Their inability to participate in social life, is attributed to them personally" (Napp-Peters, 1996, p. 116). Especially for children and young people the deprivation leads to a significant restriction:

Resignation and hopelessness are passed from parents to their children in terms of performance expected who have little career aspirations or training plans for their children: "Here, powerlessness and hopelessness as the attitude of the parents are transmitted directly to the children and - as we have seen with questions about school success and career aspirations of children - this resigned attitude is also reflected indirectly in the low expectations of parents in performance and achievement motivation of their children. Less than 20% of parents deprived compared to around 65% of all parents of school children want for their

children the completion of a secondary school. (...) Only 10% compared to 45% have regular contact with the teachers of their children. Further career aspirations or training plans for their children were not mentioned by deprived parents” (Napp-Peters, 1995, p. 116 f.).

From poverty often results in an isolation, resulting from the lack of attractiveness of these families that their poverty shall held against as a personal failure. "But it is not only the hopelessness and the loss of social prestige, under which deprived parents and their children have to suffer, living in poverty usually turn out much more serious consequences. Little by little the social environment will restrict existing contacts, it becomes increasingly difficult for the affected parents to influence the relationships, only because the lack of financial resources to their invite own friends and acquaintances to their apartment. We have observed in our study that it is mainly the reduction of social contacts is in addition to the loss of social prestige and the inability to enter into new contacts, which can also be a social deprivation, the economic deprivation of single-parent families” (Napp-Peters, 1995, p. 117).

"Poverty itself is the crime, and no euphemistic formula will make them socially acceptable in an affluent society. Those who are closest to her hate and fear them the most, but also for the entirety of the society - extreme poverty is unacceptable. Those who suffer from it, are blamed for it, because otherwise the society would have to blame themselves. To be feared and despised is one of the burdens of poverty” (Goldrick, 1973, p 177).

Social support and integration are regarded as central resources for families and a supportive education for children: "A less supported education of children was generally - regardless of the financial situation of the family - determined by the number of persons from whom the parents received tangible and intangible assistance” (Walper, 1995, p 204).

Hermann (1996), who summarizes various studies on risk factors and protective factors in education, comes to the realization that social support has a positive influence on the quality of interactions between parents and children, especially when families live in povertysituations.

The circle of poverty and lack of social support is a mutually reinforcing downward spiral at families with children. The network research has found that even low-income families and low educational qualifications have significantly smaller networks of relationships (Marbach et al., 1987).

"Who has money, status and prestige, the getting the social support". Material deprivation has an impact on the social relations of Children: Little money and cramped living situation mean that young people who are quite sensitive to social differences may have a little part in the joint activities of the peer-group culture" (Burgard et al., 1989).

Poverty in this sense is not more socially and collectively visible, but the human imposed as an individual fate, becomes the individual destiny - to social exclusion. There will be no consciousness of a common tangible disadvantage within social contexts of life. Poverty is an individually-moral guilt: The "poor" becomes the "antisocial", which must be brought up as an object of social policy and rehabilitated, as it represents a threat to public order (Sahle, 1987).

3. Government role in preventing financial exclusion

The government can play a crucial role in regard to the reduction of financial exclusion. It has the possibility to intervene on different levels and in different ways. The different levels on which the government can act are the general society, the demand side and the supply side. It is obvious that these different levels are inter-related, the special place where demand and supply cross is also a tactical place to intervene. This place is of great interest, because it is where credit access takes place and thus it is significant for classifying and comprehending the governments` actions in regard to credit activity. Furthermore the government can intervene either as a facilitator or as a legislator (European Commission, 2008).

One example for an action by the German government on the supply side is that it has initiated the banking industry to offer basic bank accounts. These accounts are also often called `everyman` account in the literature. The government`s pressure has led the banking sector to introduce a voluntary code by which banks commit to offer these basic bank accounts. A certain institution, namely the former Central Credit Committee (Zentraler Kreditausschuss or ZKA) was in charge of the introduction of the `everyman` accounts. This chapter deals with the government role in preventing financial exclusion. Therefore it shall be highlighted that although it is the banking industry which offers this instrument against financial exclusion, the government has played an important role by **initiating** the banks to introduce `everyman` accounts. The German government has not only encouraged the banking industry to offer these basic bank accounts but it has even encouraged banks to foster easier access to the basic financial products. Thus the government has eased the financial integration (European Commission, 2008). A more detailed description of these basic bank accounts and the former Central Credit Committee which has by now turned into the German Credit Institute (Die Deutsche Kreditwirtschaft) is to be found in the next chapter, since this chapter concentrates on the actions of the government. But sometimes the government itself even offers direct financial services for individuals with low income and also education programmes and courses for individuals who hesitate to use financial services (European Commission, 2008).

Like many other governments, the German government **initiates and finances surveys** in the field of financial inclusion. Although these are not direct actions combatting financial

exclusion, these actions are still of great value, because they help to illuminate the problem itself and particularly the extent of the problem in the society. It is also noteworthy that the Federal Government **assesses regularly the basic accounts** that were introduced as a tool against financial exclusion and gives recommendations for improvement (European Commission, 2008). Moreover, the government **provides relevant information** for the topic “Financial exclusion”, since it has the responsibility to provide regularly a poverty and wealth report. Furthermore, the Federal Ministry of Consumer protection has ordered two relevant reports. One of these reports is about “responsible lending” while the other one is about “scoring systems applied to rate creditworthiness – chances and risks for consumers” (European Commission, 2008). These measures by the government **help to provide an understanding of the issue in the society.**

In Germany legal debt settlement plans protect human dignity and do not allow it to be harmed by the credit contract. Therefore, it is in some cases possible that a debtor does not pay back the whole credit. The actions done by the government do not only combat existing financial exclusion, but there are also **proactive actions** that seek to foster **economic inclusion** and thus to prevent that financial **exclusion emerges**. For example, Germany offers tools to **support education, to avoid poverty and unemployment and to integrate handicapped individuals**. These mentioned areas could be summarized under the term social inclusion but it has to be kept in mind that social inclusion correlates with financial inclusion (European Commission, 2008). A further crucial instrument that the government has introduced is **interest rate ceilings for credits**. Individuals at all income levels demand to borrow money, although some individuals like those with low and unstable incomes face more difficulties to gain access to a credit. But especially these kinds of individuals are those who need access to credit for basic expenditures in life (Bayot et al., 2008). The government has introduced the measure of interest rate ceilings to guard financially weak individuals against adverse practices like imposing exorbitant interest rates and thus making use of an individual’s financial need (European Commission, 2008).

The government also **intervenes by granting incentives to achieve financial inclusion**. For example the government offers positive incentives aimed at individuals who can be eventually excluded for using banking and bank products like saving accounts. To be precise, in Germany interest income from saving accounts and further unearned benefits are released from taxation up to 750 € in 2007 (European Commission, 2008).

4. Institutions and their actions

The purpose of this chapter is to present institutions and organizations that act on financial exclusion in Germany. The first institution that will be presented is the German Credit Institute (Die Deutsche Kreditwirtschaft) which was until 2011 called Central Credit Committee (Zentraler Kreditausschuss). The information presented about this institution is primarily based on the information given on the institute's website. The German Credit Institute has continued the activities of the former Central Credit Committee after the change of the institution's name. The German Credit Institute is a lobby organization of the following associations: the National Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken), the Association of German Banks, the Association of German Public Sector Banks (Bundesverband Öffentlicher Banken Deutschlands), the German Savings Banks Association (Deutscher Sparkassen- und Giroverband) and the Association of German 'Pfandbriefbanken'. The German Credit Institute's main purpose is to represent the interests of the main credit institutions in the country. This institute fosters a common opinion and decision-making among the credit institutions in Germany. It strives to reach consensus among the different above mentioned associations in regard to issues concerning banking law, banking politics and bank practices. Moreover, the German Credit Institute sets standardized rules among banks. It represents the interests of the numerous bank associations to the legislative organs, the government and banking- and financing institutions on national, European and international level. Furthermore the institute informs the press and public media about any relevant information (Die Deutsche Kreditwirtschaft, 2014).

After having introduced the German Credit Institute, a certain action that was done against financial exclusion will be described in the following. This action took place when the institute still had its former name Central Credit Committee.

In March 1995 the former Central Credit Committee (Zentraler Kreditausschuss or ZKA) introduced a voluntary code. By this voluntary code of conduct the Central Credit Committee made the banking industry to commit to offer so-called 'everyman' current accounts. This means that basic banking transactions without an overdraft facility are offered to people for whom these accounts are suitable. The code basically recommends banks to offer a current account to almost all individuals regardless of their income circumstances. However, it has to

be mentioned that individual banks interpret the so-called `everyman` current account differently. The success of this voluntary code in regard to reducing financial exclusion is disputed. The banking industry submitted figures to the Bundestag which stated that more than 800,000 individuals had used the offer of an `everyman` account between June 1996 and June 2000. This represents a rise of 350 per cent. As previously mentioned, there is a dispute about the actual success of the voluntary code. Representatives of consumer doubt that these figures are right. They argue that the most part of individuals that open these accounts are young people and not those who have low incomes. Those individuals who are not granted an `everyman account` have the possibility to apply for arbitration to the Ombudsman. In 2005 a small number of 281 individuals applied for arbitration. Most of the cases were in favour of the complainant.

Of course, the mere introduction of an instrument is not helpful, it has to be effective. In regard to the effectiveness it can be generally stated that the effectiveness of a self-commitment like a voluntary code by the banking sector is bind to cultural, economic and political context (European Commission, 2008). Moreover, the effectiveness of such an instrument against financial exclusion does not rely merely on the characteristics of the tool. It is also important that the banking sector takes responsibility by communicating such new services in a sufficient way and to reach public awareness (European Commission, 2008).

There are four reports on the effectiveness of this voluntary code which were produced by the German Federal Government. The second report which was published in the year 2000 was positive but stated that banks lack a complaints procedure. The third report was published in 2002, it criticised the published data and stated that an out-of-court dispute mechanism should be implemented instead of the arbitration process. Furthermore the government recommended that reasons for refusal or cancellation of accounts should be expressed in a writing. However, this has not been implemented. The fourth report is from the year 2006, it claims that the data collected by the Central Credit Committee was unclear. A further critique was expressed in the fourth report; debt advice agencies have been continuing to report about account refusals and cancellations because of negative credit reports or account garnishments (European Commission, 2008).

So far financial exclusion on the individual level and the actions against it has been described. But it has to be kept in mind that also start-ups and small companies need financial support and that the support of these organizations is important for the over-all economy in the

country. The next institution that will be presented is the **Evers&Jung GmbH**. This organization is a consulting firm which supports financial institutes and economic promoters. The firm was founded in 2001 by Dr. Jan Evers and Martin Jung in Hamburg and consists of an interdisciplinary team of 20 people (Evers & Jung GmbH, 2014). The company is a think-tank which strives to achieve economic and banking promotion of organizations. It advises banks and other finance institutions on how to support their customers (European MicrofinanceNetwork, 2014). The firm's consulting actions are primarily based on a regional level. This institution is especially noteworthy in this chapter, because it has done profound research on the topic of alternative credits, namely the so-called microcredits. Moreover, it is a member of the European Microfinance Network (EMN).

The next institution that is going to be presented deals also with microcredits, therefore a closer description of these credits is given below. Next the German Micro-Finance Institute (Deutsches Mikrofinanz Institut or DMI) will be presented. The below presented information is primarily based on the information given on the website of the German Micro-Finance Institute. This institute is an umbrella organization of numerous institutions in Germany which deal with the financial inclusion of entrepreneurs. The aim of the German Micro-Finance Institute is to support individuals who want to start entrepreneurial activities with so-called microcredits. Before a more detailed description of its actions is presented, the term microcredit shall be defined.

Microcredits are credits which are addressed to impoverished individuals who lack a stable employment history or are for other reasons not creditworthy for usual banks (Microfinance, 2014).

The German Microfinance institute as an umbrella organization of all micro-financing institutions in Germany does not lend credits itself. Its main task is to secure the quality of the over-all microfinance business in Germany. For example it controls whether the invested money is spent in a useful way. In each federal state in Germany exist several micro-financing institutions. These micro-financing institutions aim to support small entrepreneurs and their start-ups. The roots of the German Micro-Finance Institute are to be found in the late 90's. Organizations that were supposed to foster start-ups were faced with financing problems. These organizations realized that the most part of individuals who want to found their own start-up, they want to do so because of unemployment or because they have to cope with other economically difficult situations. It was and still is obvious that access to credit is

not easy in such cases since usual banks would mostly reject to give such individuals credits. As a result of these existing problems for certain individuals/entrepreneurs in the society, first regional projects were launched to tackle this issue. These first projects were supported by the Federal Employment Agency, banks and foundations. These regional projects were followed by an over-regional cooperation of the single projects and finally the German Micro-finance Institute was established. The institute realized soon that individuals often times do not need a credit right in the beginning when they become self-employed. There are numerous explanations for this observation; for example individuals can also borrow money from people in their surroundings or they borrow necessary equipment instead of buying it. The institute recognized that many self-employed individuals rather need financial security after the foundation of a start-up. For example they need money to pay costs that occur after the establishment of a company, for example to finance repair costs of machines. For these cases the methods of `micro lending` are suitable.

The procedure for individuals who want to receive a microcredit is the following: first of all they have to address one of the regional institutes for micro-financing. These institutes hand out the necessary application forms and give any needed information. The ultimate decision of granting a credit or rejecting an application is made by the GLS Bank, since the credits are finally paid by this bank. But the regional institutes can play an important role regarding the grant of a credit, since they may recommend the payment of credits to certain individuals towards the GLS Bank. Since the GLS bank pays the credits, it can be regarded as the `executive institution` in this process.

The GLS Bank was founded in 1974 and has its central office in the city of Bochum. It was the first social and ecological universal bank. GLS stands for Gemeinschaftsbank für Leihen und Schenken which can be translated as community bank for loans and gifts. The bank focuses primarily on ecological, cultural and social projects. Its aim is to support sustainable, individual and societal development (GLS Bank, 2014). Both, the GLS Bank and the German Micro-Finance Institute are members of the European Microfinance Network. Although the microcredits are addressed to those who will possibly be rejected by usual banks, microcredits are still not granted to everyone. There are certain conditions that must be fulfilled when an individual applies for such a credit. As pointed out earlier, they are granted for entrepreneurial activities. Furthermore, the applicants must prove some kind of loan security. The regional institutes are free to decide which kind of loan security they demand and they are in charge of

administering them. Very often a bailment is demanded as a loan security. The interest rate of microcredit amounts to 8.9% per year and is fixed for the whole lent term. No fees are charged for the payment of the credits. The lent terms for microcredits are usually short, amounting a few months to a maximum of three years. Depending on the individual's situation, credits of 2,000€, 5,000€ or 10,000€ will be paid. If these credits are paid back successfully (usually on a monthly base), then further credits of 20,000 can be granted.

4. Other activities against financial exclusion

In Germany everyone has to pay for radio broadcasting and for the television.

The Institution GEZ, the German charge entering central has control over these arrangements. Between 1976 and 2012 GEZ controlled the administration of the different kinds of charges. They had to consider who has to pay for it, which person has reduces and who does not have to pay anything (Rundfunkbeitrag, 2014).

Since 2013 there is a new arrangement that every person no matter if one uses these services or not has to pay for it (Rundfunkbeitrag, 2014). The years before there was the rule that if a person only used radio broadcasting, this man or woman had to pay 5.76 Euros monthly. For both services one had to pay 17.98 Euros. Nowadays, one has to pay the whole price, 17.98 Euros every month (Stopp, 2014). This does not sound fair for the people just using radio broadcasting. In their opinion it was a kind of financial exclusion.

There are a few reduces:

When you have a disability or when you receive Hartz IV, a special unemployment benefit. Before the year 2013 people with a disability had to pay nothing for it (Kleinsteuber, 2014).

All the others have to pay the whole amount. The upper classes can pay this without any problems. Nearly everyone of this social class has a television and that is why they cannot relate to this debate. Especially for the people who do not get Hartz IV but are still poor, 17.98 Euros is a huge amount of money (Höcker, 2014).

The rule introduced in 2013 is not accepted by a part of the population in Germany. Consequently, these individuals installed a campaign against this wrong treatment. The petition on the webpage <http://online-boycott.de/de/unterschriftenaktion> these people are trying to make an online boycott against the GEZ (Kleinsteuber, 2014).

The public service broadcasting authorities receive nearly 9 billion Euros every year.

Every German citizen has to pay around 110 Euros annually to watch television or listen to the radio, no matter if this person wants to use this service.

It is called a *basic service*. Before the digital age began this was the right definition, but nowadays the people of the organization who are against the costs do not agree with it.

They appeal to the form of government in Germany, the democracy. A part of the population in our country did not happen. Without any chance they have to pay a compulsory levy (Kleinsteuber, 2014).

This group started a signature action against the payment of the public service broadcasting. Till now they have collected 64,329 signatures. With the help of this activity you can see that a huge amount of people also do not agree with these conditions (Kleinsteuber, 2014).

The campaign has a few demands:

They want to disestablish the compulsory levy to finance the public service broadcasting authorities. Furthermore, they want to receive free television and radio nationwide to hear news, get information and are prepared for the coordination in emergency. This should be paid by tax money. A council of citizens who are elected with democracy can control the whole procedure. The other sender should be financed by codification, advertising or a mix of both. Another consequence of the arguments above is the disbandment of the GEZ, the German charge entering central (Kleinsteuber, 2014). The signatures support their postulations.

On the other side there is the GEZ as mentioned before. This institution defends the new rule and supports their arrangement. They argue that for 90 percent of the German citizens there are no differences than before. For the GEZ it means that it is easier now for their correspondence and they can reduce the arrangement fee.

Their arguments are the following:

In their view they can relieve some kinds of groups with reduces or other groups do not have to pay anything for it yet. If you receive *Sozialhilfe*, in English it means something like welfare, *Arbeitslosengeld II*, this is an unemployment benefit or *Bafög*, a German support for studying, one has the possibility to disengage oneself from the dues. Disabled persons just have to pay on third of the due amount. These are 5.99 Euros per month. In their opinion this sounds fair, but as you see before the opposite do not agree with this offer. Special kinds of disabled persons for example blind men to not have to pay like the rules before the year 2013.

In their opinion it is nearly impossible to investigate which person has a television or not. It is unfair not to pay for it when some people use it without reporting it to the GEZ. For them it is the easiest way to treat everyone the same. For the majority in Germany nothing changed, but for those who are not honest, it is the best way to catch them (Rundfunkbeitrag, 2014).

As you see, there are two different opinions about this issue.

Both parties have arguments for or against it. This is an explosive debate between an institution and a lot of German citizens. This people are very angry about the new arrangement and they hope to act against this case. Together they hope to be a strong unit. Currently, there is no success, but the organization is not going to give up and the huge amount of persons who are against this rule shows that there are still a lot of things to discuss. In the eyes of 64378 people in Germany this new measure of the GEZ is not fair for the habitants in Germany. For them it is a financial exclusion which is not accepted.

We will see how this will go on and if they will have success to make a boycott.

6. Characteristic of Schuldnerhilfe Hessen e.V.

Over 10 million people in Germany are bankrupt and they are unable to pay their bills.

More and more people get in such a situation every year.

Everyone can come into these circumstances often caused by strokes of fate.

Reasons of a stroke of fate can be dissolution, the loss of a job, a hard illness or an accident.

9.6 percent of the people in our region Hessen are in debt. Especially young people between 21 and 30 years with a quote of 17.7 percent are in debt (Kusman, 2014).

Schuldnerhilfe Hessen e.V. is an organization which is acting on financial exclusion in our region.

When people are in debt, this organization is willing to improve the situations of their customers.

This is the logo and the slogan of this institution:



The website of Schuldnerhilfe Hessen e.V. is the following:
<http://www.schuldnerhilfehessen.de/index.html> (Schulderhilfe Hessen, 2014)

It is an organization focused on the German Federal Land Hessen, our region. The head office is in Fulda, and two other own agencies of Schuldnerhilfe Hessen e.V. are in Gelnshausen and Kassel. Kassel is the city where we live in.

Next to the own agencies there are several independent branches of this debt counseling in Marburg, Hanau, Frankfurt or Offenbach. They plan to install other independent branches, because this institution is willing to grow (Schuldnerhilfe Hessen, 2014).

The concept of this organization is a kind of franchise. Other independent debt consultants can accompany Schuldnerhilfe Hessen e.V. This structure became very successful over the last years.

After half a year they will amortize the first investment they had to spend for the organization. They offer the service to train the new independent debt consultants to achieve a unique philosophy of acting (Schulderhilfe Hessen, 2014).

What is this institution about?

The institution is for people who are overindebted. Private persons or independent persons often need a plan and an offer to help. This plan has to be affordably and serious to keep control over their liabilities (Kusman, 2014).

This is the idea behind Schuldnerhilfe Hessen e.V.

You are overindebted when the monthly incomes of people over a long term do not suffice in spite of reducing their living standard and you are no longer able to pay bills. Consequently, people have fear in many ways. You can have existential fear, the fear of losing their home, the fear of creditor or the fear to be a failure. These problems can lead to be incapable of acting or getting sick (Schulderhilfe Hessen, 2014).

Schuldnerhilfe Hessen e.V. gives help for the situations of people mentioned before.

They support their members by accomplishment their financial situations though preventing measures, facilities of individual initiative and they give useful information material.

Furthermore they provide professional and highly specialized legal advice services to control the debts of their customers (Kusman, 2014).

This service is not priceless. Members of Schuldnerhilfe Hessen e.V. have to pay 28.50 Euros for half a year but they can always cancel the contract at the end of every year.

To show that they acting successfully the company offer a download tool of situations of debt they could control.

They are experts in preventing insolvency. Nearly every second case of Schuldnerhilfe Hessen e.V. can be solved without going in the insolvency (Schuldnerhilfe Hessen, 2014).

Conclusions

It has been highlighted that nowadays access to financial services is a necessary prerequisite for participation in the economic and social life. But many individuals in Germany and worldwide face problems when they want to access financial services. These individuals are financially excluded. The risk of financial exclusion is the greatest for citizens who are unemployed or receive low incomes. But how to tackle the issue of financial exclusion in the German society?

Chapter three dealt with the government role in preventing financial exclusion. It has been highlighted that the government can play a crucial role in regard to the reduction of financial exclusion. There are possible ways for the government to intervene. It does not take necessary the introduction of laws to achieve changes in the finance sector. As it has been described in detail, the government initiated the former Central Credit Committee to introduce a voluntary code. By this voluntary code which was introduced in 1995, banks commit to offer so-called `everyman` accounts which shall be offered to almost anyone. This action is an example for an intervention on the supply side and it emphasizes what the pressure of the government can cause. In regard to the possible future actions of the government against financial exclusion, some sort of “European Community Reinvestment Act” can be considered (European Commission, 2008). This idea is based on the Community Reinvestment Act which was introduced in the USA in 1977. This Act basically promotes social responsibility in the financial sector and prevents that credits are only granted to wealthy individuals (European Commission, 2008). The European Commission discusses such an Act on the European level and thus the German government would also be engaged.

In section four institutions and their actions against financial exclusion were presented. Institutions that are involved in the field of micro-financing are important organizations that try to combat financial exclusion. So called Microcredits shall be granted to all those individuals who want to get involved in entrepreneurial activities but are not granted usual credits because of their low or unstable income.

The main system of micro-financing in Germany is based on three main actors: the regional institutes which give information and application forms, the GLS Bank in Bochum which

pays the credits and the German Micro-Finance Institute which guarantees the quality of the micro-financing business in Germany. The granting of microcredits to the concerned individuals is an immense action against financial exclusion. It can be recommended that this instrument should be strengthened in future.

Chapter five is about a special action organized by financially excluded people.

On the internet website <http://online-boycott.de/de/unterschriftenaktion> there you can find such an activity against financial exclusion.

Till now they have collected 64329 signatures. From this action you can see that a huge amount of people do not agree with the conditions of the GEZ and they are trying to make a boycott.

They are against a new rule of the GEZ from the year 2013. Since the beginning of this year they have to pay for the public-service broadcasting no matter if they use it or not.

This is new and for the persons who do not use this service, for example if they do not have a television, this action is not really fair. Therefore, they fight together against this financial exclusion, but till now without success.

The next aspect was about an organization in our region which is acting on financial service.

The Schuldnerhilfe Hessen e.V. is such an organization. They are for people who are overindebted. Private persons or independent persons often need a plan and an offer to help. This plan has to be affordably and serious to keep control over their liabilities.

This is the point where Schuldnerhilfe Hessen provides their services.

List of Tables

Table 1. Living conditions, poverty

Sociodemographic order	2008	2009	2010	2011	2012
Population that is affected by poverty or social exclusion – share in percentage					
Total	20,1	20	19,7	19,9	19,6
Women	21,6	21,2	20,9	21,3	21,1
Men	18,5	18,8	18,6	18,5	18,1
Under 18 years	20,1	20,4	21,7	19,9	18,4
Women	19,5	18,3	21,4	21,5	19,2
Men	20,7	22,1	21,9	18,6	17,6
18 to 65 years	21,5	21,1	20,8	21,3	21,2
Women	23,1	22,8	22,1	22,4	22,7
Men	19,7	19,3	19,4	20,1	19,5
65 years and older	15,5	16	14,8	15,3	15,8
Women	18,2	18	16,8	17,4	17,5
Men	12,6	13,8	12,6	13	13,9

Source: EU SILC, Leben in Europa (2013).

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