



## **Department of Social and Family Affairs**

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### **Irish Money Advice Showcased For Europe**

#### **– Séamus Brennan Minister for Social and Family Affairs**

Séamus Brennan, Minister for Social and Family Affairs, today welcomed the opportunity to showcase the Money Advice and Budgeting Service (MABS) as an example of good practice to delegates from seven European countries.

MABS is included as a topic under the social inclusion peer review programme which aims to assess the effectiveness of key policies or institutions and encourage good practice across EU Member States.

Delegates from Hungary, Slovenia, Denmark, Germany, Netherlands, Luxemburg and United Kingdom will attend the review in Carrigline, Co Cork on Thursday and Friday where they will exchange information on aspects of money advice common to all peer countries.

"MABS has proved a major success in Ireland and deals with approximately 10,000 cases every year in 52 centres throughout the country," said Minister Brennan.

"It is fitting that this event is held in Cork where the headquarters of the MABS is based," the Minister added. "It is also the home of the Lough Credit Union where the first MABS money adviser worked."

The Money Advice and Budgeting Service is specifically relevant to the objective set out in the National Action Plans (NAPs/incl 2003-2005) against Poverty and Social Exclusion, that is; preventing the risk of exclusion, putting in place policies which seek to prevent life crises which can lead to situations of social exclusion such as indebtedness, exclusion from school and becoming homeless.

A recent evaluation found that:

- ♦ over 90% of people were positively disposed towards the Service. This included clients, community and voluntary bodies, the finance industry and statutory creditors;
- ♦ two thirds of the caseload were female clients. Just over half were aged between 25 and 44 and one third were aged over 45. A small proportion were aged under 25;
- ♦ approximately 70% were receiving some form of Social Welfare payment - 19% were unemployed, 31% were lone parents and 21% were receiving some other form of Social Welfare payment. A further 22% were employed and 3% were self-employed. The overall conclusion was that the MABS has been proven to provide a worthwhile service with a clear rationale for its continuation.



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### **N.B: PLEASE SEE NOTE FOR EDITORS BELOW**

#### ***Note for Editors:***

The MABS Peer Review seminar is part of the EU Community Action Programme to combat social exclusion 2002-2006. The EUR75 million programme aims to encourage co operation between EU Member States in their efforts to combat social exclusion. It is part of the EU response to the target agreed at the Lisbon European Council in 2000 that Member States should make a decisive impact on the eradication of poverty and social exclusion by 2010.

The Money Advice and Budgeting Service (MABS) is a countrywide service funded by the Department of Social and Family Affairs. The service is managed by 52 locally based companies with board members drawn from the statutory and voluntary sectors. It is staffed by 120 full-time money advisers and support staff. More than 11,000 new clients approach the MABS annually and the service deals with a similar number on an ongoing basis. The budget for 2003 is 9.867 million.

The MABS provides an independent, free and confidential service primarily to low-income families who are in debt or at risk of getting into debt. It has an emphasis on practical, budget-based measures that will succeed in removing people permanently from dependence on moneylenders and open up alternative sources of low cost credit through their local Credit Unions. Credit Unions are member owned and member run financial co-operatives. Members of a credit union have a common bond generally based on where they live (community) or where they work (occupational). The MABS has a special relationship with the credit unions which operate a "special accounts" system to enable the MABS client repay debts and save small amounts. A Loan Guarantee Fund also operates to provide "crisis" loans as an alternative to the moneylender.



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The aim of the service is to help people to regain control of their finances and to budget for the future. It helps them to prepare a budget plan and to contact their creditors with a view to rescheduling repayments. The Money Adviser also helps the client to maximise their income, prioritise their debts, and where necessary, contact and refer to other support agencies. The MABS frequently intervenes to prevent repossession of the family home and also to prevent disconnection of gas and electricity supply.

A Pilot Debt Settlement Programme was recently agreed by the MABS and the Irish Bankers' Federation and supported by the other main creditors. This Pilot Scheme provides a non-judicial alternative for resolving cases of multiple consumer debt that are likely to prove intractable and otherwise end up in court. The scheme introduces a range of innovative features that are new to this jurisdiction such as a finite period for an agreed debt repayment programme, the freezing/reduction of interest and the write-off of residual debt on successful completion of the programme. The debtor's principal private residence is secured against enforced sale or repossession.