



# HELP

Strengthening competences in financial  
literacy and debt issues on the way to  
citizens

## Consumer Needs Assessment Report

T2.2 Analyse the collected data to identify patterns,  
trends and specific needs of different consumer groups  
(WP2)

*Disclaimer:*

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Project call: **SMP-CONS-2024-DA**



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## 1. Introduction

*This section describes the context and conditions of the survey distribution, including the participants who responded and their profiles.*

### 1.1 Presentation of the project

The HELP project – short for Strengthening Competences in Financial Literacy and Debt Issues on the Way to Citizens – is a two-year project co-funded by the European Union. It was launched in April 2025 as part of the Single Market Programme (SMP).

The main objective of the HELP project is to offer comprehensive debt counselling both in person – through citizen advice centres in the Czech Republic – and online, through a web application where people facing debt can seek advice on their situation. This helps clients find solutions more easily, saves time, and eliminates the need to travel. The online option also offers greater privacy, which helps reduce the stigma associated with seeking help.

### 1.2 Consortium

The Association of Citizens' Advice Bureaus (ACAC) is a stable, strong organisation with a long tradition dating back to 1997. The ACAC currently brings together 35 civic counselling centres (non-profit organisations with legal status – registered institutes, public benefit societies, church legal entities), their branch offices and contact points, in a total of 92 locations in the Czech Republic. Member counselling centres are located in all regions of the Czech Republic. The organisation therefore operates nationwide, which is underlined by the implementation of individual activities across the Czech Republic, such as education, methodological support and negotiations with other organisations and institutions. Member counselling centres respond to over 87,000 enquiries a year in 18 areas of life, which indicates the scope of the counselling provided (from debt issues, social benefits, old-age and disability pensions, labour law issues, family difficulties, consumer protection and education to the environment). The ACAC also defends citizens' rights through government bodies and contributes to strengthening consumer protection and social policy.

The Institute for Regional Development (IRD) was founded in 2010 and is a non-profit organisation focused on supporting the development of European regions. It achieves this by promoting the exchange of best practices and educating key stakeholders in areas that are essential for regional and sustainable growth. The IRD's mission is to connect institutions from the public, private, non-profit and academic sectors, promote knowledge sharing and address challenges in the areas of employment, education, health and social issues through practical EU-supported initiatives.



### **1.3 Comprehensive analysis of debt management needs and gaps in advisory services in the Czech Republic**

This report presents the results of a survey on debt management experiences conducted as part of the HELP project with the aim of improving debt counselling services through training for civil counselling centre staff and collecting best practices, increasing the effectiveness and quality of consumer advice centres and raise public awareness of early debt assistance and consumer financial engagement.

The survey focused on two main groups: consumers struggling with debt and key stakeholders in debt issues. These stakeholders include, for example, judges, bailiffs, insolvency administrators, lawyers, social services and creditors. The survey was distributed in all regions of the Czech Republic through the ACAC network of citizen advice centres and collected responses from more than 200 participants.

Through a detailed analysis of the challenges, needs and experiences of these groups, as well as an examination of systemic barriers within the existing debt counselling framework, this report aims to identify significant patterns and trends. These findings will form the basis for the development of counselling tools, including an online platform, which is one of the project's objectives, so that people in need have quick access to comprehensive and affordable debt counselling and targeted training workshops, which will serve as a tool for the development of professionals working in the field of debt counselling.

In addition, the results can serve as recommendations for evidence-based policies aimed at improving the accessibility, stability and overall effectiveness of debt counselling throughout the Czech Republic.

## **2. Methodology**

This study aims to deepen knowledge about the experiences of debt management in the Czech Republic from the perspective of consumers (current debt situation, experiences with debt collection, behaviour when seeking help, awareness of debt relief options and the impact of debt on personal life) and from the perspective of entities involved in debt management (consumer behaviour, obstacles to effective debt management, interdisciplinary cooperation and views on possible reforms). A mixed research design was used, consisting of a quantitative questionnaire survey supplemented by semi-structured qualitative interviews, which complemented the data obtained with individual experiences, personal stories and deeper contexts.

Data collection took place between 10 July 2025 and 21 August 2025 through two separate online questionnaires distributed through the ACAC network and its affiliated civic counselling centres (99 centres in total). Respondents were approached on the basis of a deliberate selection based on set criteria: counselling centre client, problem addressed in the category "debt problematic". The approach was carried out by employees of the participating member counselling centres. Each counselling centre was responsible for collecting

questionnaires from at least five clients. The research sample consists of 116 respondents.

The following report is an analysis of the data collected from the surveys.

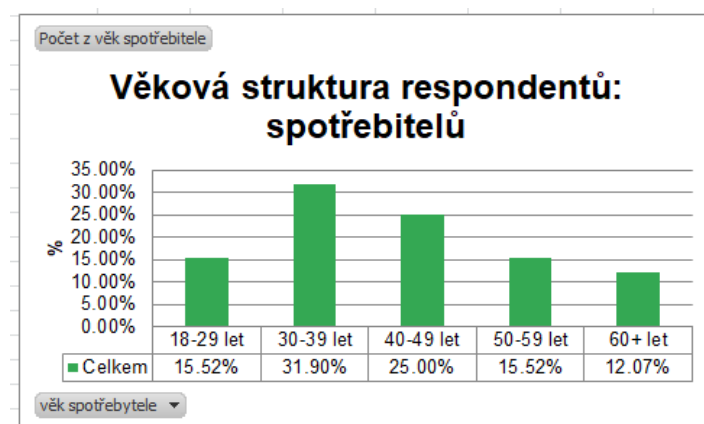
### 3. Experiences and needs of individuals in debt – analysis of responses from a consumer survey

This chapter provides a detailed look at the experiences and needs of people who have found themselves in debt and turned to the Association of Citizens' Advice Bureaus for help. The analysis is based on 116 responses from consumers who have direct personal experience with debt and therefore provides an authentic picture of their life situation. The respondents to our survey are existing clients of the counselling centres who are already actively addressing their problem or want to address it, but it should be noted that the issue also affects people who are not actively addressing their situation and are not cooperating with any institution. The group of people facing debt problems is actually broader. This survey sample is therefore specific and assumes some knowledge of the support system and openness to share one's situation. The aim of this section is not only to describe the basic demographic and social characteristics of the respondents, but also to place them in a broader context – to show whether and how age, education, employment status and income situation affect their ability to manage debt and maintain a decent standard of living.

#### Demographic and social data on respondents

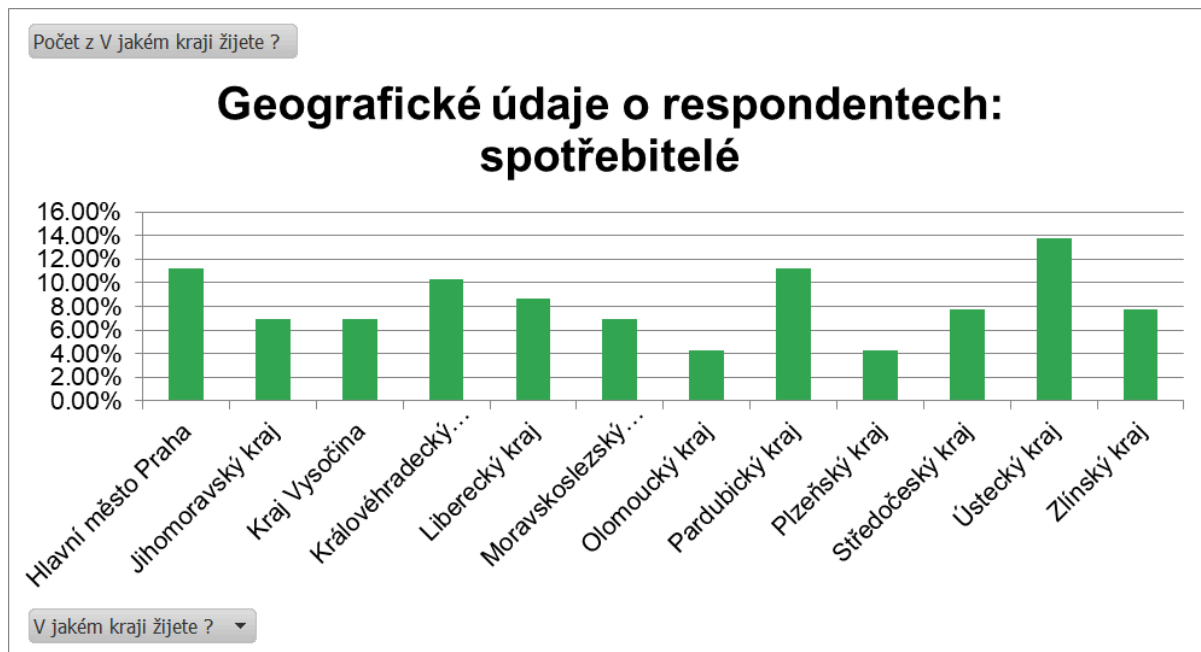
##### Age structure

The age structure of respondents shows that people in the 30–39 age group (31.9%) are the most likely to seek advice, followed by the 40–49 age group (25%). These two categories together account for more than half of all survey participants, suggesting that the problem of debt most affects people of working age, often associated with family and financial commitments. The younger group (18–29 years old) and the 50–59 age group are both represented by 15.5%, which shows that debt problems affect both people starting their independent lives and those approaching retirement age. The smallest share is made up of seniors over 60 (12.1%), for whom debt may be linked to low incomes and increased vulnerability. Overall, the data confirms that debt is not limited to a single age group, but is most concentrated among people of working age.

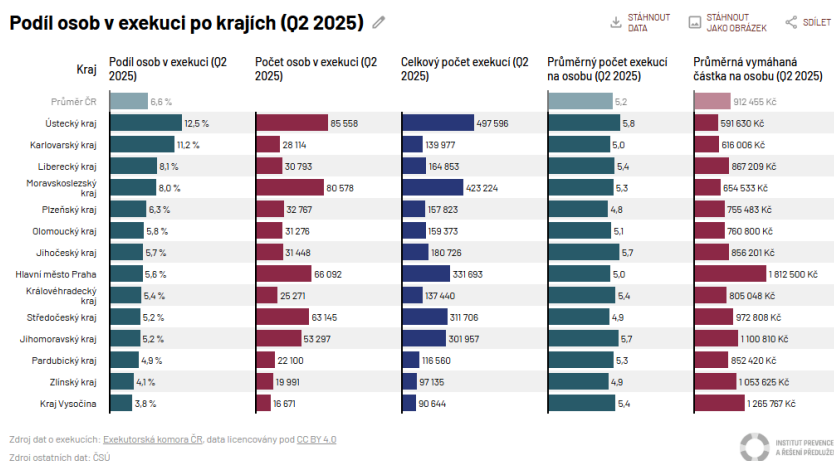


### • Place of residence of respondents

An analysis of the regional distribution of respondents to our survey shows that residents of the Ústí nad Labem Region predominate among those dealing with debt (13.8%), followed by respondents from the Capital City of Prague and the Pardubice Region (both 11.2%). The Hradec Králové Region (10.3%) and the Liberec Region (8.6%) are also relatively well represented. On the other hand, the fewest respondents came from the Olomouc and Plzeň Regions (both 4.3%).



The representation of individual regions shows that the issue of debt is not limited to one area, but affects the entire Czech Republic. The higher proportion of respondents from the Ústí nad Labem Region is also confirmed by data from the Debt Map, which shows the highest proportion and number of people in debt enforcement.

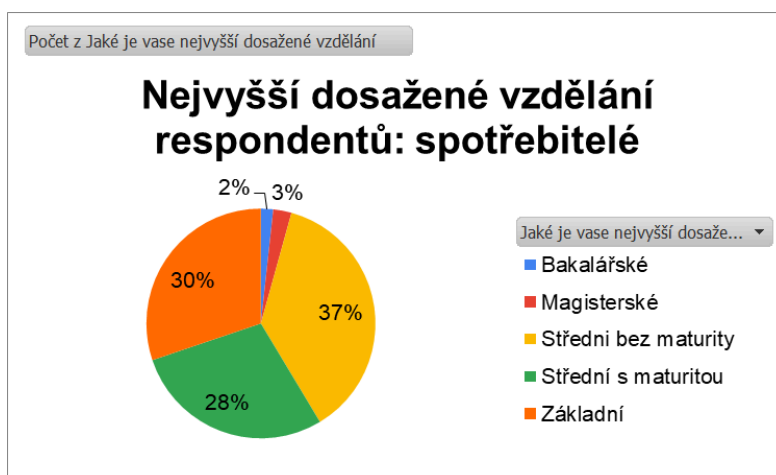


Source: [Mapazadluzeni.cz](https://mapazadluzeni.cz/)  
([https://mapazadluzeni.cz/?q=kraj&v1=podil\\_osob\\_v\\_exekuci&v1p=2025-Q2&vis=barchart](https://mapazadluzeni.cz/?q=kraj&v1=podil_osob_v_exekuci&v1p=2025-Q2&vis=barchart))

A total of 20 civic counselling centres from the ACAC network in 12 regions (except for the Karlovy Vary and South Bohemian regions) participated in the survey. In some regions, more counselling centres were involved (Prague - 3 counselling centres, Moravian-Silesian Region - 2 counselling centres, Vysočina Region - 2 counselling centres, Pardubice Region - 2 counselling centres, Hradec Králové Region - 3 counselling centres, Ústí nad Labem Region - 2 counselling centres). The Central Bohemian, Zlín, South Moravian, Liberec, Plzeň and Olomouc regions each had one counselling centre. Each counselling centre was to contribute 5 completed questionnaires from clients to the research. The results on geographical data cannot therefore be considered comprehensive for the whole of the Czech Republic due to missing data from 2 regions.

### Education of respondents

Data on the highest level of education attained show that the vast majority of respondents in our survey have a university education. The largest proportion are people who have completed secondary school without a school-leaving certificate (37.1%) and those with primary education (30.2%). The group of respondents with secondary education completed with a school-leaving examination (28.5%) is also significant. On the contrary, university-educated people make up only a small percentage – 1.7% with bachelor's degrees and 2.6% with master's degrees. The structure of the highest level of education attained by our respondents therefore suggests that the problem of indebtedness most often affects people with lower or secondary education. However, it should be taken into account that while university-educated people are more likely to seek legal advice to resolve their debt situation, those with primary and secondary education are more likely to seek support from civic counselling centres, for example because they do not have access to other forms of support.



### Employment status of respondents

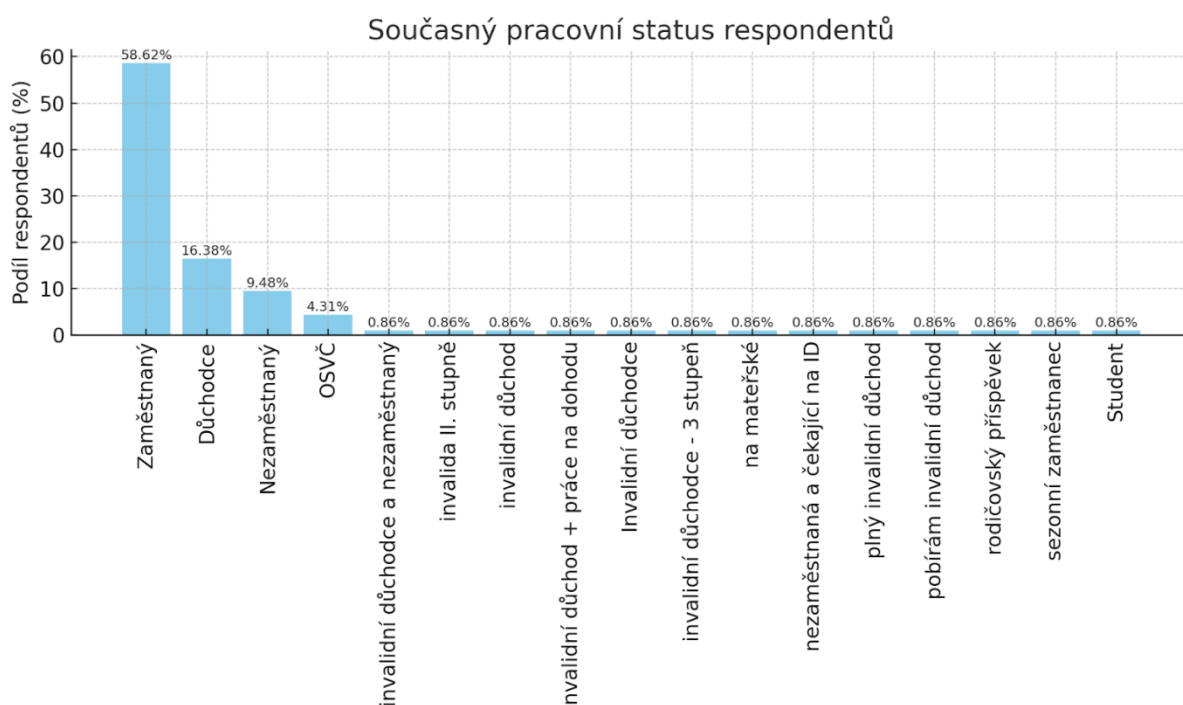
An analysis of the respondents' employment status shows that most of them are economically active. The largest group is employed (58.62%), which confirms that even people in debt often have stable employment. The second largest category



is pensioners (16.38%), who find themselves in a vulnerable position due to their limited pension income. The unemployed make up almost 10% of the sample (9.48%), which represents a significant group at risk of being unable to repay their debts.

A smaller proportion of respondents reported self-employed status (4.31%), while individual categories related to disability pensions, parental or maternity leave, or study account for only around 0.86% each.

Overall, the data show that indebtedness is not exclusively a problem for the unemployed – on the contrary, it also affects workers and pensioners. It is the combination of low incomes, high living costs and often health or family constraints that creates a long-term risk of financial instability for these groups.

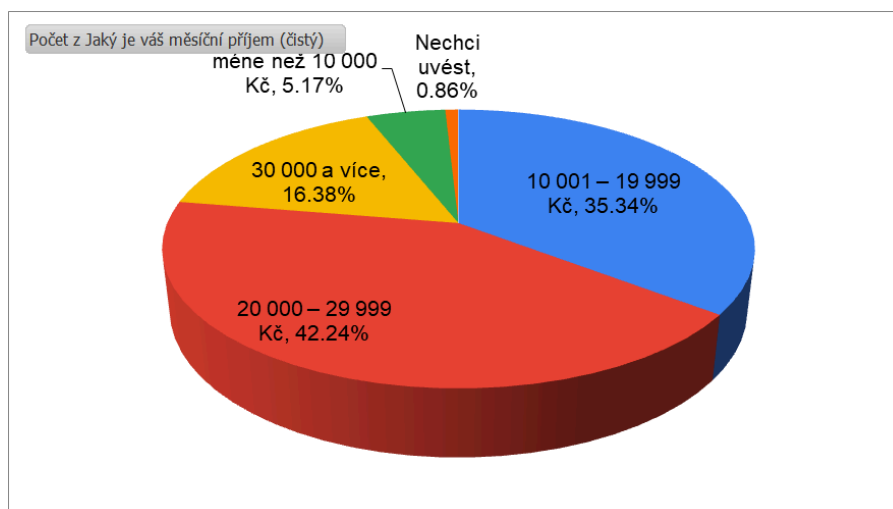


## Respondents' monthly income

An analysis of respondents' net monthly income shows that most of them fall into the lower to middle income bracket. The most represented group is those with an income between CZK 20,000 and CZK 29,999, which accounts for 42.24% of respondents. The second largest group is people with an income between CZK 10,001 and CZK 19,999, accounting for 35.34%. On the other hand, the higher income categories, i.e. respondents with a net monthly income of CZK 30,000 and above, represent only 16.38%. A particularly vulnerable group are people with an income below CZK 10,000, who make up 5.17% of the sample. However, a very small percentage of respondents (0.86%) did not state their income.

Overall, these data show that more than three-quarters of respondents have a net monthly income of less than CZK 30,000, which is close to the decent income threshold as defined, for example, by the Decent Wage in the Czech Republic initiative (<https://www.dustojnamzda.cz/>). This means that a significant proportion of respondents are in a situation where their financial reserves are minimal and

the risk of falling into debt or being unable to cover basic living expenses is significantly higher. This factor significantly affects not only their ability to manage debt, but also their overall life stability.



### 3.1 Paths to indebtedness

The path to debt is not usually one-dimensional or sudden – on the contrary, it is usually a gradual process in which long-term financial pressures are combined with unexpected life events. Analysis of respondents' answers shows that debt is mainly caused by low income, family crises and, repeatedly, poor financial decisions. These factors intertwine and create an environment in which even a minor setback – such as illness, a break-up or an unplanned expense – can trigger a chain of events leading to a spiral of debt. The survey results therefore clearly indicate that indebtedness is not merely an individual failure, but often the result of a combination of social and economic difficulties, the effects of which should be mitigated by targeted prevention and accessible support.

An analysis of respondents' answers to the question about the main causes of their indebtedness showed that indebtedness arises primarily as a result of a combination of low income, life crises and poor financial decisions.

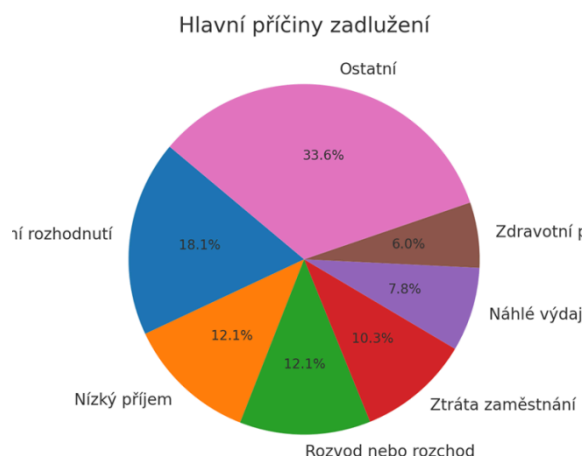
The most frequently cited cause was poor financial decisions (18.1%). Low income (12.1%) and divorce or separation (12.1%), which often lead to the destabilisation of the family budget, also play a significant role. Job loss was cited by 10.3% of respondents and sudden expenses (e.g. unexpected repairs, medical expenses) by 7.8%. Health problems were cited by approximately 6% of respondents.

Less common causes include specific circumstances, such as the impact of the COVID-19 pandemic, gambling addiction, investment fraud, or the need to provide financial assistance to family members – these items were mentioned by only a few respondents.

The results show that indebtedness does not usually arise from a single cause, but from a combination of factors. The combination of low income, poor financial

decisions and sudden life events poses a significant risk that can plunge individuals into a spiral of debt.

Prevention therefore plays a key role – financial literacy, support in crisis situations and access to advisory services.



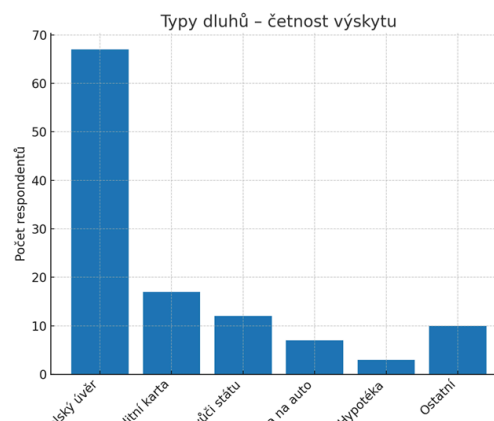
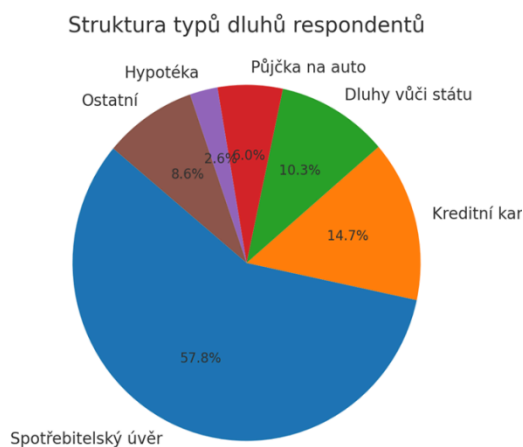
### Respondents' debt categories

An analysis of data from a questionnaire survey focusing on types of debt showed that consumer credit completely dominates among respondents. Overall, consumer credit was reported by more than two-thirds of survey participants (54% on its own and approximately another 10% in combination with other types of debt). This confirms that the main problem is not debt related to investments or housing, but mainly to everyday consumption.

The second most common category of debt is credit cards, which occur in approximately 15% of respondents, and debts to the state (taxes, health and social insurance, other fees), represented in approximately 10% of participants. These types of debt are very often combined with consumer loans, which leads to greater complexity and riskiness of the overall debt situation of individuals.

Other types of debt include mortgages (2.6%) and car loans (around 6%). These forms of debt are less common, which may indicate that respondents tend to come from lower income groups that do not have access to large credit products. On the other hand, marginal but significant cases include debt associated with everyday situations, such as unpaid rent, energy arrears, mobile phone bills, fines and unpaid alimony.

It follows from the above that the indebtedness of respondents is characterised in particular by a high proportion of consumer loans and their combination with other smaller debts. Mortgages and longer-term investment loans are only found in exceptional cases. A significant risk factor is the accumulation of several types of smaller debts, which can plunge individuals into a debt spiral and make the debt relief process more difficult.



An analysis of the duration of indebtedness shows that most respondents have been struggling with debt for a long time – more than 40% have been in debt for more than five years and another 31% for three to five years. Only a small proportion reported a shorter period of indebtedness (up to two years). These findings suggest that indebtedness is not usually a short-term problem, but is a long-term burden that can have a significant impact on the stability of individuals and their families.

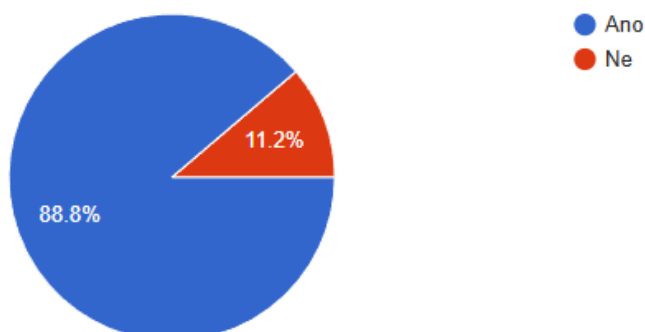
### 3.2 Debt management strategies and financial literacy

Debt management strategies and financial literacy play a key role in whether and how individuals manage to escape the debt trap. While some people actively seek solutions to their obligations through repayment schedules, debt relief or negotiations with creditors, others tend to postpone problems or give up altogether. The decisive factor is not only the economic situation, but also knowledge and skills in the area of financial planning, the ability to understand legal and contractual terms and conditions, and awareness of the available options for assistance. Analysis of the respondents' answers therefore shows that debt literacy is not only a question of financial knowledge, but also of practical strategies for managing everyday life with debt.

The results of our survey show that the vast majority of respondents (almost nine out of ten) have already encountered a situation where their debts have continued to grow. This phenomenon, known as "debt inflation", is often related to the accumulation of interest, penalties or other fees that the debtor is unable to pay regularly. Only a small proportion of respondents (11%) said they had not encountered this problem. This confirms that the growth of debts above their original amount is a common experience and significantly complicates the debt relief process and motivation to repay.

*Zažili jste situaci, kdy vaše dluhy narostly (inflace dluhů)?*

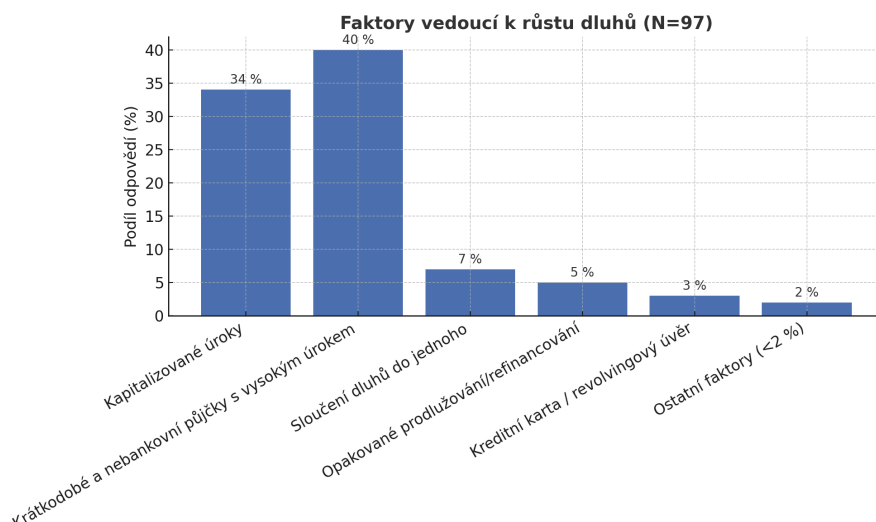
116 responses



An analysis of the factors causing debt to grow shows that the structure of loans and high interest rates play a major role. Respondents most often cited short-term or non-bank loans with extremely high interest rates (40%) and loans with constantly accumulating unpaid interest (34%). The "debt trap" mechanism in the form of debt consolidation, which continues to grow due to fees or repeated refinancing, also plays a significant role. A smaller but still important proportion is made up of problems with credit cards and revolving loans, where repaying only the minimum amount leads to a permanent increase in debt. Isolated cases were related to penalties for late payment of rent or overdrafts. These results suggest that for most debtors, the main problem is not the amount of the original debt itself, but the mechanisms that cause it to increase over time and make the path to debt relief difficult.

Summary of main results:

- Capitalised interest – 33 responses (34%)
- Short-term and non-bank loans with high interest rates – 39 responses (40%)
- Consolidation of debts into one, which continued to grow due to interest/fees – 7 responses (7%)
- Repeated extension or refinancing of loans – 5 responses (5%)
- Credit card/revolving credit (minimum payment, interest growth) – 3 responses (3%)
- Other individual factors (penalties, overdraft, late payment fees for rented accommodation, family circumstances) – each less than 2%.



The analysis also shows that another key factor in debt growth is late or unpaid consumer loans, which were mentioned by more than 70% of respondents. The second most common problem was unpaid utility and housing bills (13%), which gradually accumulate into larger debts. A smaller proportion of respondents mentioned complications associated with "buy now, pay later" payment services or mortgage defaults when interest rates rise. Isolated cases point to penalties for late payment or debt blocking. These results show that the growth in debt is largely caused by relatively "common" financial obligations – consumer loans and regular payments, the non-payment of which can quickly escalate into a serious debt trap.

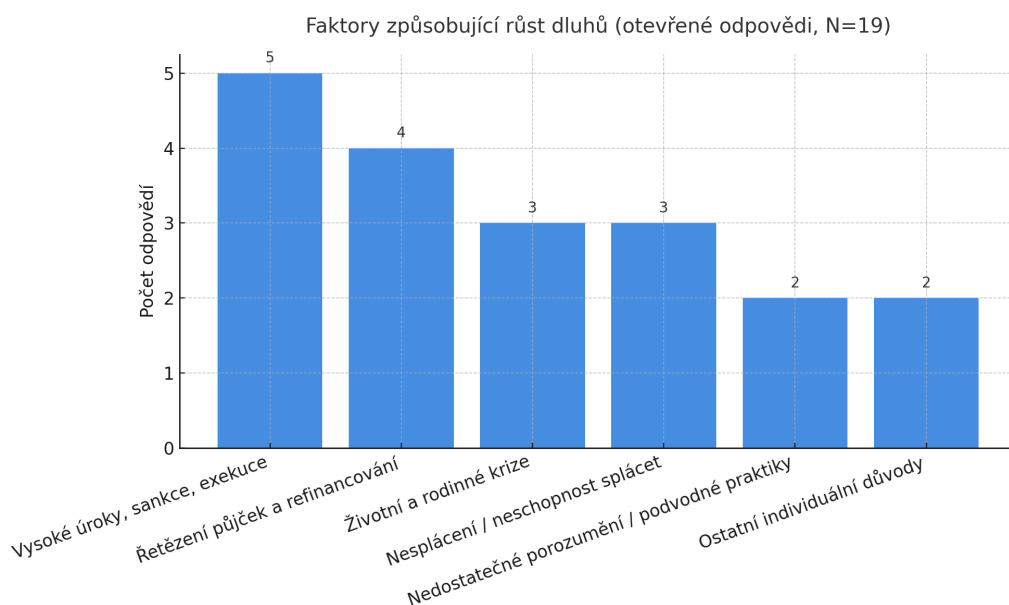
Factors related to legal costs and enforcement play a key role in the growth of debt. One-third of respondents reported that their debts had been enforced through a writ of execution, and almost the same proportion reported a significant increase in their original debt as a result of court fees and other enforcement costs. Another fifth of respondents reported that their debts had been sold to collection agencies, which added additional fees and interest. In a smaller number of cases, enforcement was applied to wages or bank accounts, or debts were increased as a result of guarantee obligations or other individual circumstances. These results clearly show that judicial enforcement and execution are a critical factor in the escalation of debt, often multiplying the original debt into a long-term unsolvable financial burden.

Personal and financial vulnerability is a key factor in the growth of debt. Most respondents stated that they were unable to make repayments due to low or unstable income (45%). The need to choose between basic living expenses and debt repayment also played a significant role (15%). Approximately one in ten respondents cited job loss, health problems or family crises that significantly impaired their ability to make repayments. Divorce and separation also play an important role, leading to an increase in debt for some of those surveyed. A smaller but still significant proportion of respondents cited factors such as gambling, indifference to debt or lack of information about repayment, often associated with instability in their lives. Overall, these data confirm that personal crises and the economic vulnerability of households have a direct impact on the growth of debt and are often responsible for its long-term escalation.



Insufficient understanding of contractual terms and conditions is another significant factor in the growth of debt. Most respondents stated that they did not realise that interest continued to accrue during missed payments (40%). One-fifth of respondents admitted that they did not understand the contracts, especially the rules on interest and penalties. Approximately 14% of respondents felt that they had been victims of predatory lending, and nearly 8% pointed to hidden or unclear fees that further increased their debt. A smaller proportion of responses related to a careless approach to loans, signing contracts without reading them, or relying on another person. These results show that low financial literacy and the complexity of credit terms contribute significantly to the growth of debt and can trap borrowers in a debt spiral.

The open-ended responses show that the growth of debt is often linked to a complex combination of circumstances. According to respondents, the most common factors in our survey are high interest rates, penalties and fees, and practices by creditors that respondents perceive as unfair. Chain loans and refinancing play a significant role, leading to a further increase in the amount owed instead of solving the problem. At the same time, situations associated with personal or family crises – illness, divorce, addiction or loss of income – are repeated. In several cases, social dependence on others (partner, family, friends) also played a role, with the borrower relying on their help, which did not materialise. These stories confirm that the growth of debt is often the result of a combination of structural and personal factors, rather than a single isolated problem.



The most frequently mentioned reasons were **high interest rates, penalties and enforcement (5×)** and **chaining loans or refinancing (4×)**. Other common reasons were **life and family crises** and **inability to repay (3× each)**.

## Coding of categories



- High interest rates, penalties, debt enforcement – 5
- Chain loans and refinancing – 4
- Life and family crises – 3
- Non-repayment/inability to repay – 3
- Insufficient understanding/fraudulent practices – 2
- Other individual reasons – 2

**Total: 19 responses**

The analysis shows that the growth in debt is the result of a combination of structural factors (high interest rates, penalties, legal costs, enforcement) and individual risks (low or unstable income, health and family crises, insufficient financial knowledge). The most significant triggers are consumer and short-term non-bank loans, whose terms and conditions – often incomprehensible or predatory – lead to a constant increase in debt. Late payments, unpaid utility bills and the accumulation of fees also play a significant role. Data show that indebtedness is characterised by a debt spiral, where an initially manageable obligation gradually grows into a long-term unsolvable burden. Strengthening financial literacy, preventing disadvantageous products and providing accessible professional assistance therefore appear to be key strategies for preventing such situations.

### **Solving debt collection problems**

More than half of respondents (53%) said they had been contacted by a debt collector in the past. This experience shows that a significant proportion of debtors come into direct contact with collection agencies or individual debt collectors at some stage of their indebtedness. The fact that almost half of those surveyed have not yet had this experience suggests that debtors are not a homogeneous group – some of them resolve their debts through standard repayment plans or other mechanisms without escalating to collection. Contact with a debt collector usually means a further increase in psychological pressure, stress and, ultimately, financial burden, as new fees and penalties are added to the total amount owed.

## **3.3 Impact of debt on well-being**

Respondents who have been contacted by a debt collector rate this experience as predominantly negative. Most often, the interaction was perceived as stressful (58%) or even threatening (26%). Only a small proportion of respondents described the interaction as neutral (15%), and a tiny minority (1%) described the communication as respectful. These findings confirm that direct contact with debt collectors and their approach is a psychologically demanding and often traumatic experience for most debtors, which can have a negative impact not only on their financial but also on their psychological and social functioning. Only

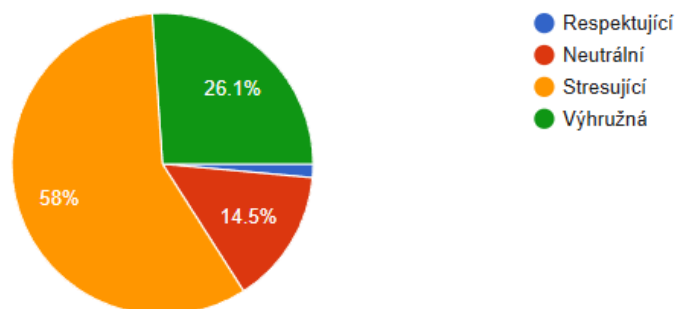


in isolated cases was the communication conducted on an equal or respectful basis.

Pokud ano :

*Jak byste popsal/a tuto interakci?*

69 responses

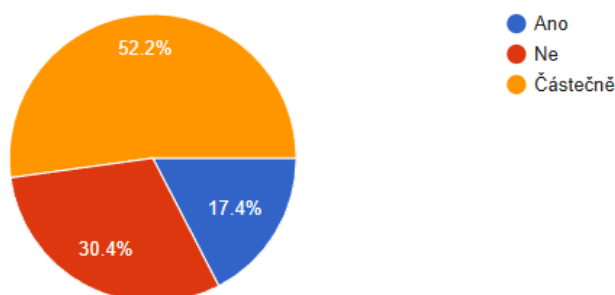


The respondents' experience shows that most of them had only limited awareness of their rights during the debt collection process. More than half (52%) said they only partially understood their rights, and almost a third (30%) admitted that they did not understand them at all. Only a small proportion (17%) had a clear understanding of their rights and were familiar with the entire process. These data suggest that a lack of legal awareness and familiarity with legislation is a significant problem that increases debtors' vulnerability to pressure from debt collectors and can lead to unfavourable agreements or further debt accumulation.

Pokud ano :

*Rozuměli jste svým právům v tomto procesu?*

69 responses

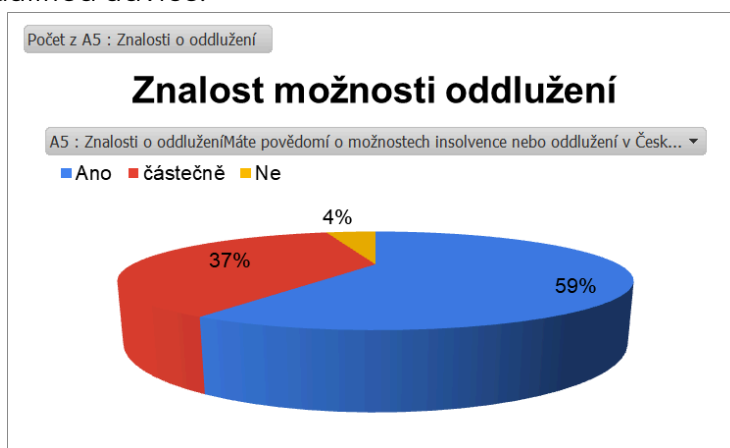


The analysis showed that when dealing with debt, respondents most often turned to citizen advice centres, in the vast majority of cases (93%). Only a small proportion sought support from family or other non-governmental organisations. In isolated cases, respondents sought help from lawyers or friends. Interconnectivity between organisations also plays an important role – for example, the Fokus organisation referred its clients to civic counselling centres. This result confirms that civic counselling centres provide important and

significant assistance to debtors and are a well-known and widely used place where the public can seek information and support.

### Insolvency or debt relief options in the Czech Republic

The results of our survey show that most respondents have at least a basic knowledge of debt relief options – a full 59% said they were familiar with the issue. Another 37% of respondents have only partial knowledge, which may mean that they have heard of debt relief but do not understand all the conditions and procedures. Only a small proportion (4%) admitted that they knew nothing at all about debt relief. These data confirm that awareness of debt relief exists among debtors, but for a significant proportion of them it remains incomplete or not entirely practical, which highlights the need to increase financial literacy and the availability of qualified advice.



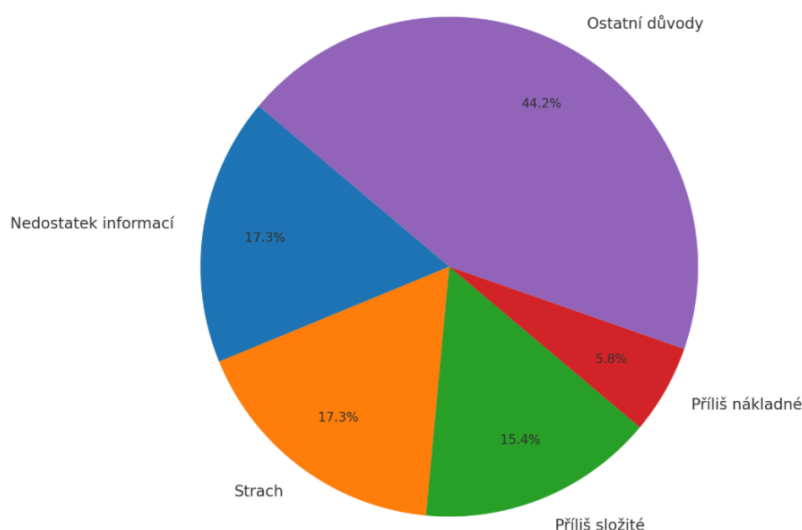
### Reasons why respondents did not use debt relief

Most often, respondents stated that they did not use debt relief due to a lack of information and fear – each factor appeared in approximately 17% of respondents. Similarly significant is the barrier of perceived complexity of the entire process (15%). This shows that the fundamental problem is not always an objective failure to meet the conditions, but primarily low legal and financial literacy, uncertainty and fears about the procedure. A smaller proportion of respondents mention excessive costs or incompatibility with their financial possibilities, or personal and family reasons (protection of property, partnership, ongoing legal proceedings).

Overall, it can be said that the main obstacles to debt relief are not only economic, but also psychological and informational. Fear, complexity and lack of information together account for almost half of the responses, which points to the need to strengthen the availability of comprehensible advice and legal support.



Důvody, proč respondenti nevyužili oddlužení



### The impact of debt on consumers' mental health

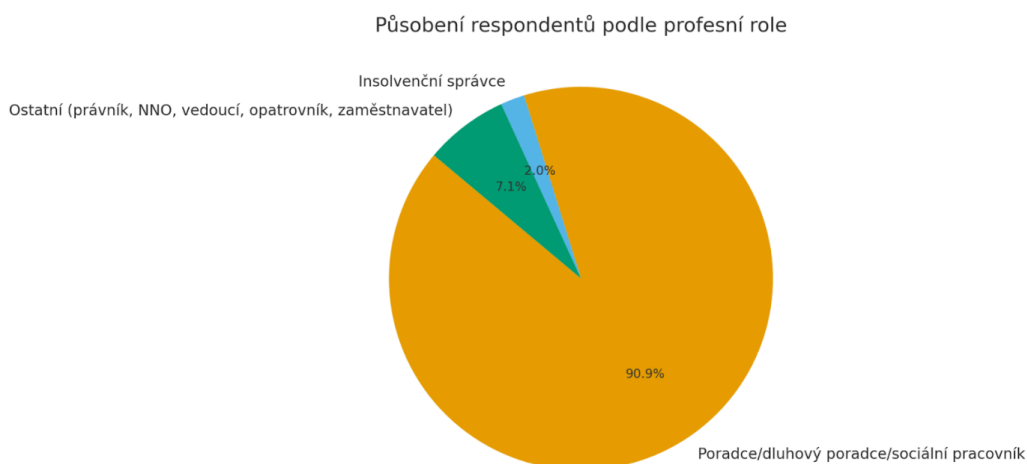
The results show that, for the vast majority of respondents, debt has a strong to very strong negative impact on mental health. Almost half of those surveyed (49%) gave the highest possible rating, stating that debt had a significant impact on their mental well-being. Another 29% of respondents rated the impact at level 4, confirming a significant impact. Approximately one-fifth of respondents (20%) perceived the impact as moderate, while only a very small minority (2 people, 1.7%) rated the impact as low. No one reported that debt had no impact on their mental health.

Overall, it can be said that debt is not only an economic problem, but also a significant psychological stressor that fundamentally reduces life satisfaction, increases stress levels and can lead to other social and health problems.

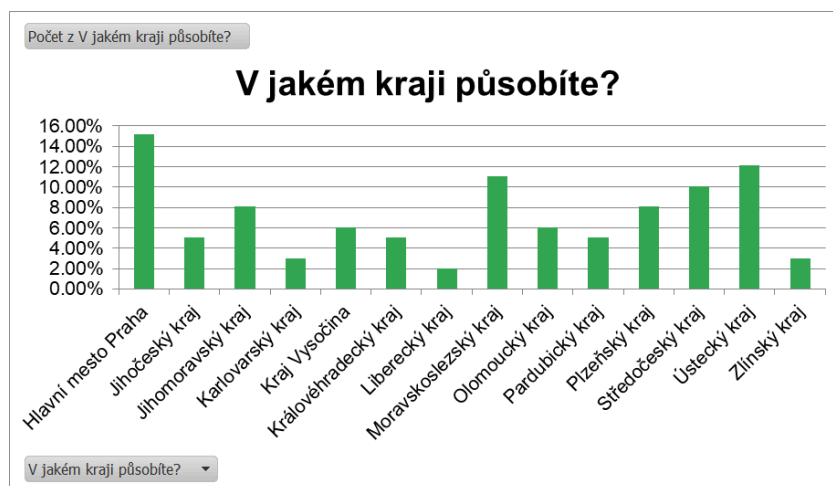
## 4. Stakeholder perspectives on debt management – analysis of responses from a stakeholder survey

This section of the Report presents the views of professionals who deal with debt issues on a daily basis – whether in the context of debt counselling, social work, or directly as debt counsellors. A total of 99 respondents took part in the survey, whose experiences reveal not only practical obstacles in the debt relief system, but also needs and recommendations for its more effective functioning. Their opinions thus provide valuable insight into how the current debt management system works in practice and where the greatest challenges lie.

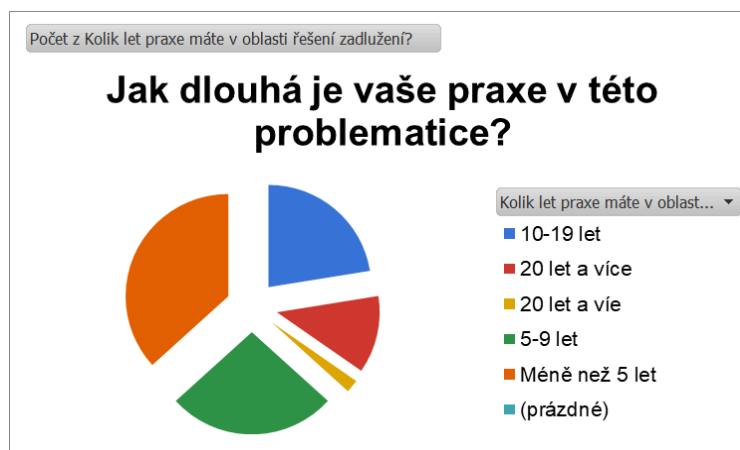
The vast majority of respondents to our survey (more than 90%) work in the field of debt counselling, social work or directly as debt counsellors. This confirms that the participants are predominantly professionals with direct experience of working with debtors and debt relief issues. Only a small proportion of respondents represent other roles, such as insolvency administrators (2%), lawyers and representatives of social service providers, directors of non-profit organisations, heads of economic departments, public guardians or employers in the protected labour market (around 1% each). The representation thus shows that the survey mainly involved those who encounter debt issues on a daily basis in their professional practice, with a smaller proportion representing support or specialised professions.



The representation of respondents in our survey is relatively even across the Czech Republic, with a higher concentration in large urban and industrial regions – especially in Prague, the Ústí nad Labem Region and the Moravian-Silesian Region. These regions have long been associated with higher levels of debt and social problems, which may explain their stronger representation in the survey. Conversely, the lower representation of regions such as the Liberec and Karlovy Vary regions may be related to the smaller number of organisations or respondents involved in the survey.



The results of our survey show that the majority of respondents are professionals with shorter experience – more than a third have less than 5 years of experience and more than a quarter have been working in the field for 5–9 years. This means that almost two-thirds of the survey participants have less than 10 years of experience in debt resolution. At the same time, however, there is also a significant group of experts with longer experience: more than a fifth of respondents have 10–19 years of experience and roughly one in eight have 20 or more years. This shows that the research includes both newer workers in the field and highly experienced professionals, providing a balanced view of the issue of debt from different perspectives.



## 4.1 Key findings and observations

In this chapter, we will focus on the findings, experiences and recommendations of these stakeholders from practice. The research was conducted through a questionnaire survey with 99 respondents between 11 July and 21 August 2025. The survey consisted of both open-ended and closed-ended questions. The open-ended questions were coded into relevant categories and then evaluated.

The questionnaire was sent to all member counselling centres affiliated with the ACAC and cooperating organisations, such as ČAPS, VIDA, People in Need, Rubikon, etc. It was also sent to municipal authorities – social departments of some districts of the City of Prague, employment offices and other civic counselling centres outside the ACAC network that focus on debt counselling. Another group consisted of persons directly accredited to file for debt relief, as published on the website of the Ministry of Justice ([www.sako.justice.cz](http://www.sako.justice.cz)). The questionnaire was also sent to insolvency administrators and judges. However, cyber security rules designed to prevent cyber attacks did not allow judges to complete the questionnaire, as it is prohibited in courts to click on internet links contained in incoming messages or submissions.

The survey responses show that our respondents consider low consumer financial literacy (47%) and multiple or overlapping debts (34%) to be the main problems leading to the growth and maintenance of debt. These two factors together account for more than four-fifths of all responses and show that the key core of the problem is a combination of a lack of financial education and poor ability to manage multiple commitments at once.

In addition, there are other partial barriers: complex legislation, high costs associated with debt resolution, predatory lending practices, and a lack of sufficient state control. Although these factors did not receive a high percentage individually, they illustrate the breadth of problems people face.

Overall, the results show that without strengthening financial literacy, preventing multiple indebtedness and simplifying legal and financial processes, the situation of debtors will continue to deteriorate and lead to social exclusion.

Kategorie - Jaké jsou podle vás hlavní potíže v případech spotřebitelských dluhů?	Počet	Podíl (%)
Nízká finanční gramotnost spotřebitelů	47	47.47
Vícečetné dluhy/Překrývající se dluhy	34	34.34
Vysoké náklady na řešení	3	3.03
Složité zákony	2	2.02
Neposuzování úvěruschopnosti, vysoká dostupnost, vysoké RPSN, nezákonné pokuty	1	1.01
Vysoké úrokové sazby, smluvní pokuty, obtížné	1	1.01
Všechny výše uvedené možnosti	1	1.01
Vše – kromě neefektivního vymáhání	1	1.01
Problémy s vymáháním / neefektivní vymáhání	1	1.01
Predátorské podmínky a nedostatečný dohled	1	1.01
Nedokážu určit – kombinace (3,4,5)	1	1.01
Nedostatečné prověření úvěruschopnosti peněžním	1	1.01
Nebankovní společnosti si neověřují řádně bonitu	1	1.01
nebankovní půjčky	1	1.01
Kombinace – nízká gramotnost + překrývající dluhy +	1	1.01
Jednoduchá cesta k nevýhodným nebankovním půjčkám + nízká gramotnost	1	1.01
Zhoršující se sociální situace a riziko bezdomovectví	1	1.01
Celkem odpovědí:	99	100%

## **Main causes of increasing consumer debt**

Based on the open responses of the respondents to our survey, the main causes of indebtedness and its deepening can be divided into several thematic areas:

### **1. Low financial literacy**

- lack of knowledge about personal finances, inability to plan a budget
- lack of understanding of the terms of credit agreements, APR and penalties
- underestimating the long-term consequences of debt ("it will work out somehow")
- Insufficient education and lack of prevention in schools and in adulthood

### **2. Easy availability and terms of loans**

- High availability of short-term, quick and online loans
- provision of loans without sufficient verification of the applicant's creditworthiness
- Predatory practices: excessive interest rates, hidden fees, unfavourable contracts
- Aggressive marketing and social pressure to take out loans

### **3. Life events and socio-economic pressures**

- job loss, illness, divorce, death of a family member
- low wages and rising costs of housing, energy and basic necessities
- lack of financial reserves for emergencies
- social insecurity and risk of exclusion

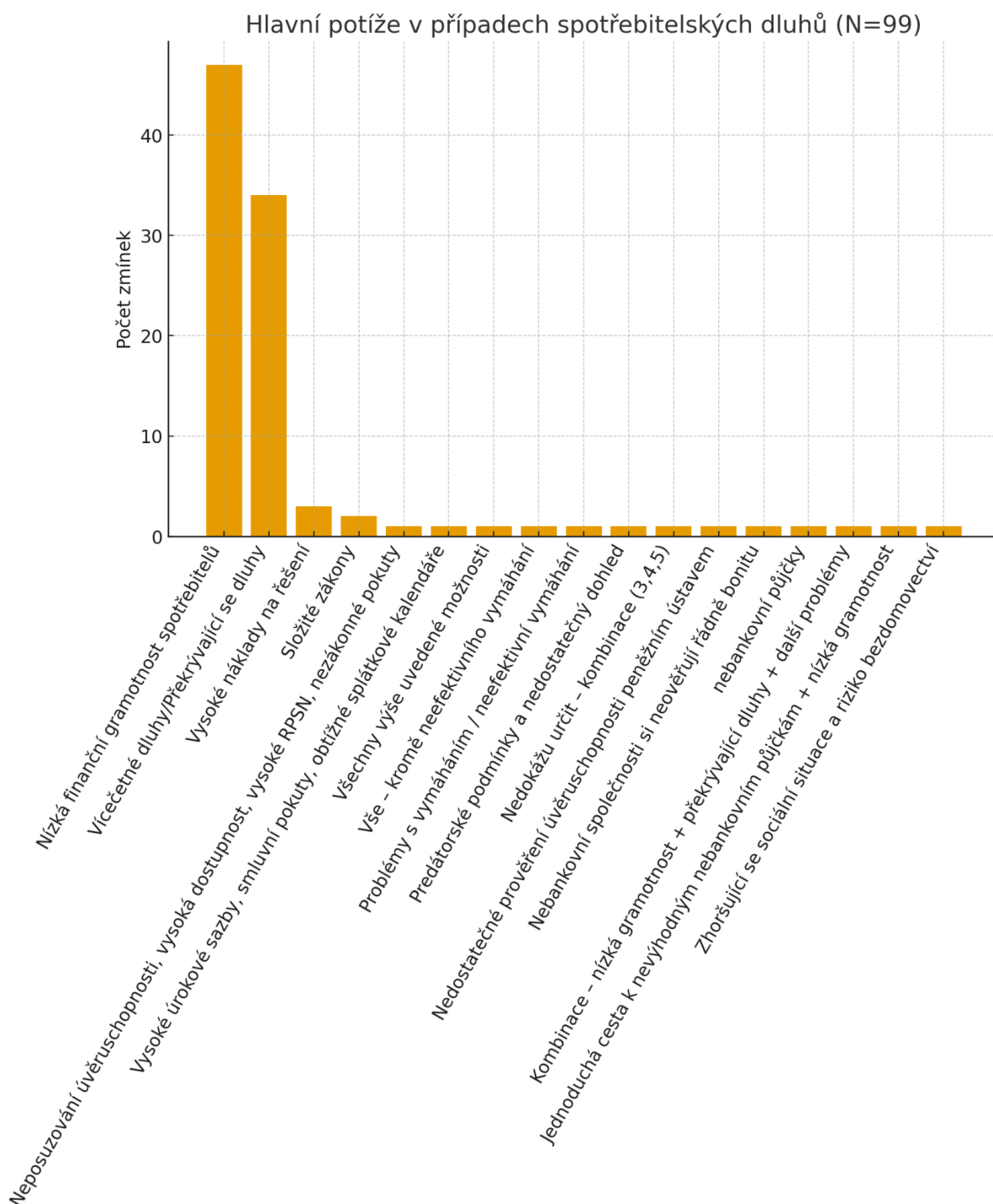
### **4. Debt spiral and debt enforcement**

- solving one debt with another loan
- Accumulation of multiple debts and overlapping repayments
- High penalties, late payment interest and enforcement costs
- enforcement costs often exceeding the original principal

### **5. Psychosocial and behavioural factors**

- consumerist lifestyle and pressure to achieve a higher standard of living
- influence of advertising and social networks
- impulsiveness, inability to delay gratification, "live for today"
- addictions (gambling, addictive substances), mental health issues
- irresponsibility and postponing problem solving





The respondents' answers show that the causes of indebtedness are complex and interrelated. The most frequently mentioned cause was low financial literacy, which manifests itself in a lack of ability to plan a family budget, an inability to understand the terms of loans and contracts, underestimating the impact of debt, or relying on the belief that the situation will "somehow work out." This factor is often combined with a lack of education in schools and a limited supply of quality financial advice.

The second key factor is the easy availability of loans, especially quick and non-bank loans, which are often arranged online without thorough credit checks



on the applicant. Respondents point to the predatory practices of some providers, unreasonable APRs, hidden fees or contractual penalties, and aggressive marketing that encourages consumers to take out further loans.

Life events and crisis situations – job loss, illness, divorce or death of a family member – also play a significant role. These events, often without financial reserves, lead households into debt for basic necessities such as housing and energy. The situation is further exacerbated by rising living costs, particularly housing, energy and basic food prices.

Very often, there is also the problem of the so-called debt spiral, where people solve the repayment of one debt by taking out another loan. This mechanism, together with high penalties, interest and enforcement or execution costs, leads to a sharp increase in the total amount owed and long-term insolvency.

Psychosocial factors also contribute to the causes of indebtedness – a consumerist lifestyle, pressure from advertising and the social environment, impulsiveness, addictions and an inability to postpone consumption. Some respondents also emphasised the role of consumer irresponsibility, unwillingness to solve problems in a timely manner and underestimating the seriousness of the situation.

Overall, it can be summarised that consumer indebtedness is the result of a combination of individual failures (low literacy, irresponsibility), systemic problems (easy access to unfavourable loans, insufficient supervision and regulation, high penalties) and socio-economic pressures (low wages, rising living costs, life crises).

## **4.2 Challenges and obstacles to effective debt management**

In this chapter, we will focus on the current role and status of support tools for consumers who may be exposed to debt or are already dealing with their debt situation.

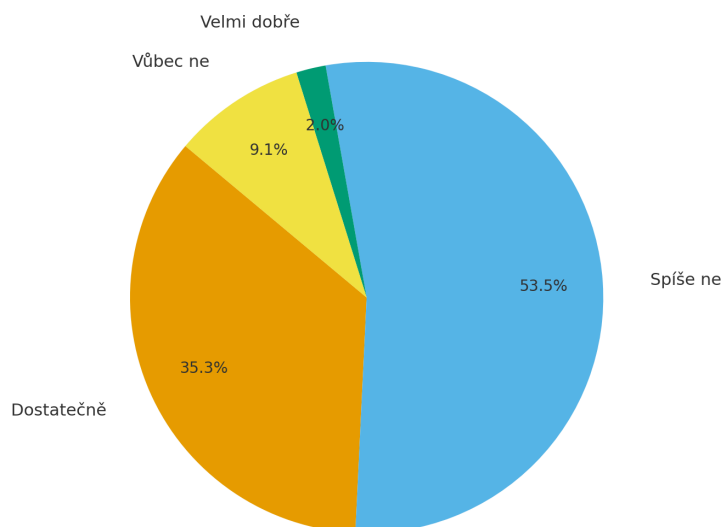
The results of our survey show that our respondents take a rather critical view of the effectiveness of current legislation in protecting vulnerable consumers. More than half (53.5%) believe that the laws do not provide sufficient protection, and another 9% take a decidedly negative view ("not at all"). This means that almost two-thirds of survey participants perceive legal protection for consumers as inadequate.

On the other hand, 35% of respondents said that protection is sufficient, but only a tiny minority (2%) rated it as "very good".

Overall, the prevailing opinion is that although the legal framework in the Czech Republic provides some protection, it is perceived as insufficient, complicated and ineffective in practice, especially for vulnerable groups (low-income people, people with low financial literacy, people in debt enforcement, etc.).

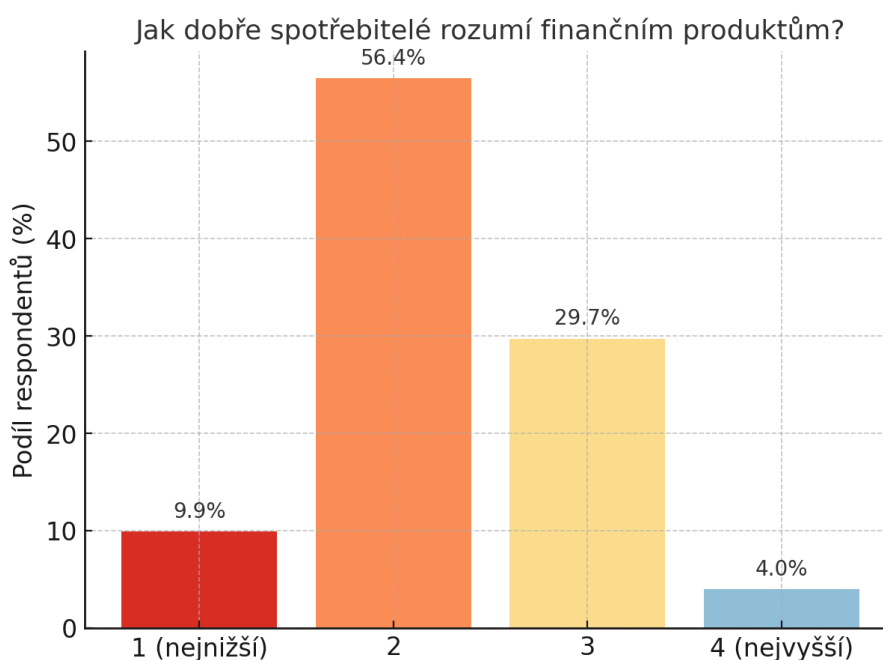


Jak dobře podle vás současné zákony chrání zranitelné spotřebitele?



Most respondents (66.3%) rate consumers' understanding of financial products as rather low (levels 1 and 2). This confirms that consumers often do not understand fundamental aspects such as interest, fees, penalties or repayment terms. Another 29.7% chose the middle value (3), which indicates that some awareness exists but is still insufficient for responsible financial decision-making. Only less than 4% of respondents are convinced that consumers understand financial products well.

Overall, there is agreement that low financial literacy remains a fundamental problem that contributes to indebtedness and the inability to effectively manage existing liabilities.



## **Barriers to effective debt management**

The respondents' answers show that the obstacles to effective debt management are multi-layered, combining economic, legal, systemic and psychological factors.

Lack of information and financial literacy are among the most frequently cited barriers. Many people do not understand credit agreements, are unaware of their rights and obligations, or get lost in the multitude of documents and procedures. The system is confusing for the layman – debtors do not distinguish between foreclosure, insolvency and other forms of repayment, and often have no idea how much they actually owe and to whom.

Low or irregular income and an overall deterioration in social circumstances also play a significant role. People with low incomes, unseizable amounts or unstable employment find it difficult to meet the conditions for debt relief and often do not have the means to cover even their basic living expenses. This leads to resignation, undeclared work or ignoring the problem.

Another set of obstacles is the practices of creditors and bailiffs. Respondents report creditors' unwillingness to negotiate repayment schedules, high interest rates, fees, rapid debt acceleration, and pressure from collection agencies or bailiffs, often combined with psychological pressure. Another problem is the resale of receivables, which results in a change of creditors and the debtor losing track of their obligations.

The complexity of legal processes and bureaucracy were mentioned as another significant barrier. Documents are incomprehensible, deliveries are made to addresses where people no longer live, and court proceedings are protracted. This makes it difficult to orientate oneself in a timely manner and to actively defend oneself.

Psychological factors such as fear, shame and stigma lead to the postponement of problem solving. People are ashamed to seek professional help, afraid to communicate with creditors, or hope that their debts will "resolve themselves." Many have had experience with fraudulent "debt relief companies," which reinforces their distrust of the system.

Another specific obstacle is the unavailability of high-quality, free debt counselling in some regions. Although such services do exist, their capacity is limited and people are often unaware of them.

Overall, it appears that the obstacles to effective debt management cannot be reduced to individual failure on the part of debtors. They are the result of a combination of personal, economic and systemic factors, dominated by a lack of financial literacy, low incomes, the complexity of the legal environment and insufficient access to assistance.

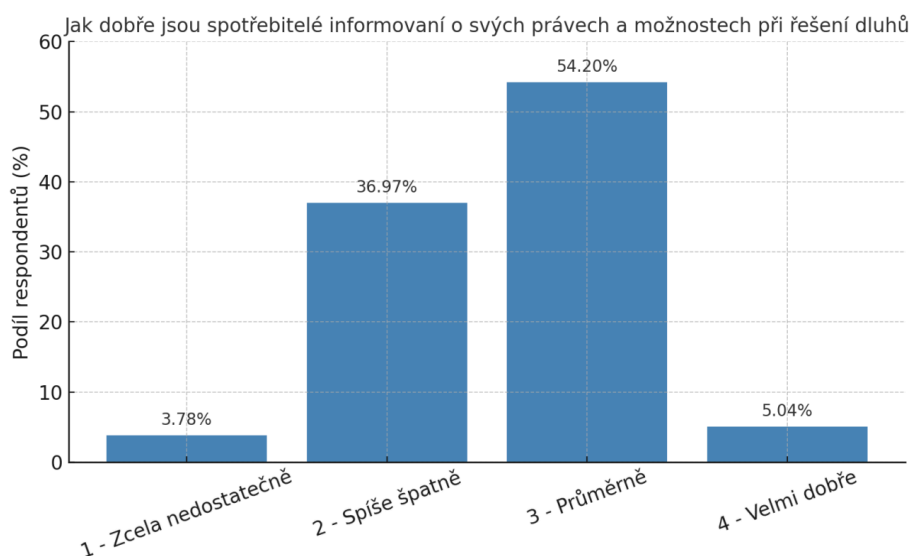
## **Awareness among Czech consumers**

Data from the questionnaire survey show us that, according to stakeholders, consumers' awareness of their legal rights and options for resolving debts is perceived as insufficient.



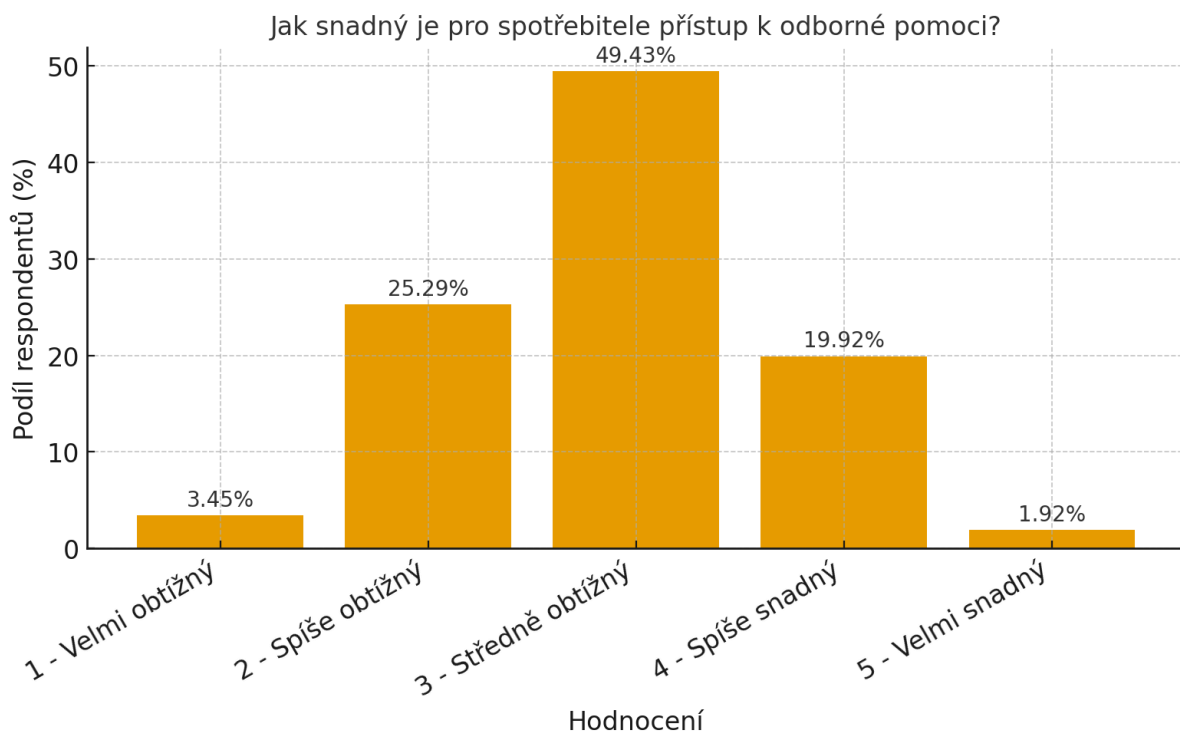
- Only 5.04% of respondents rate the level of awareness as very good (4 on a scale of 1 to 5), while more than half (54.20%) rated it as average (3).
- A significant proportion (36.97%) consider it poor (2), and only 3.78% consider it completely inadequate (1).

Although consumers have some awareness of their rights and options, this awareness is rather superficial and often insufficient to effectively resolve debt situations. Most respondents agree that there is a lack of in-depth knowledge of legal procedures and practical tools (e.g. debt relief, negotiations with creditors, enforcement rules). This creates the risk that consumers are unable to respond in time, make use of available protection mechanisms and defend themselves against the unethical practices of some creditors.



### 4.3 Opinions and policy proposals

The availability of professional assistance in debt resolution is an important prerequisite for effective debt management. The results show that almost half of the respondents (49.43%) rate access to professional assistance as moderately difficult. Another quarter (25.29%) rate it as rather difficult and 3.45% even as very difficult. In contrast, 19.92% of respondents perceive access as rather easy and only 1.92% consider it completely easy. The data show that access to professional assistance is rather complicated for most consumers and only a minority rate it positively. This result points to the need to strengthen the availability of legal, financial and social support, which is essential for effective debt resolution.

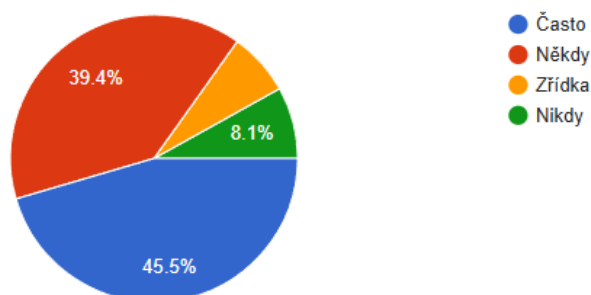


### Cooperation with non-governmental organisations and advisors

As part of the survey, we investigated whether cooperation between stakeholders and non-profit organisations or advisors is effective. The data obtained shows that most respondents have regular experience in this area and cooperate with some non-profit organisation. The majority of respondents, specifically 45.45%, stated that they cooperate frequently, and another 39.39% indicated that cooperation takes place at least sometimes. Conversely, only a small proportion of respondents said that they never (8.08%) or rarely (7.07%) collaborate. These results suggest that collaboration is an integral part of the practice of most debt resolution professionals, which can contribute positively to the effectiveness of support for debtors and to the interconnection of various actors in the system.

*Jak často spolupracujete s nevládními organizacemi/poradci ?*

99 responses



The results of our survey show that cooperation between organisations working in the field of debt resolution is very diverse and varied. Respondents most frequently mentioned People in Need, which is perceived as a key partner, often



in cooperation with civic counselling centres and Caritas Czech Republic. Other organisations mentioned include Rubikon, Romodrom, Theia, Fokus, the Salvation Army, Naděje, Sananim, Diakonie, as well as specialised entities such as the Institute for Prevention and Resolution of Over-Indebtedness, the dTest Advice Centre, the Financial Arbitrator and Exekutor má smůlu (The Bailiff is Out of Luck). Field social services, shelters, courts, insolvency administrators, lawyers and other social service providers are also frequent partners. Some respondents said they cooperate "with anyone who shows interest," but others emphasised that direct cooperation is lacking or not yet taking place.

Overall, it can be said that cooperation takes place mainly within the non-governmental and non-profit sector, but often extends to the judiciary and public administration. This broad ecosystem of partners strengthens the possibilities for supporting debtors, but at the same time reveals that the level of cooperation varies greatly – from active networking to a complete absence of contact.

## 5. Recommendations

### 5.1 Assessment of the effectiveness of current debt relief counselling

Although there are already many functional collaborations in the field of debt counselling, respondents perceive a number of areas for improvement that could contribute to a more effective solution to over-indebtedness. The most frequently mentioned need is to improve communication and cooperation with courts, bailiffs and insolvency administrators, particularly in the area of providing timely and comprehensible information to debtors about the options for assistance. There are also repeated calls for greater coordination between debt counselling centres, social services, municipalities and employment offices so that risky situations can be identified earlier and debtors are not left without support.

A significant proportion of the responses highlight the lack of free legal representation and pro bono services, as well as the need for more frequent professional meetings between advisors, judges, bailiffs and other stakeholders. In addition to systemic cooperation, there is also a recurring emphasis on prevention and education – respondents recommend strengthening financial literacy in schools, raising awareness in companies and broader media campaigns to help destigmatise debt and motivate people to seek help in time.

There are also proposals for interdisciplinary cooperation – linking law, social work and healthcare, reflecting the fact that debt is often linked to mental health issues, illness or social problems. Some respondents also point to the need to involve employers and community actors (schools, parishes, community centres), as they are often the first people to whom people confide their problems.

Overall, it can be summarised that the key barrier is not only a lack of cooperation, but also its unsystematic nature and dependence on personal ties between individual actors. Respondents agree that effective debt management requires

strengthening coordination, information sharing and the stability of service funding to ensure that assistance is accessible, integrated and predictable.

An analysis of open-ended responses to the question of whether there are areas of conflict or disagreement between stakeholders that undermine the outcome for consumers reveals a considerable diversity of views. Some respondents answer 'don't know' or 'no', suggesting either a lack of experience or a perception that the system is relatively functional. Nevertheless, several recurring problem areas emerge from the responses, which can be summarised as follows:

### **1. Conflict of interest between creditors, bailiffs and consumers**

It is often said that the interests of bailiffs and creditors (especially non-bank companies) are not in line with those of consumers. Bailiffs are perceived as private entrepreneurs motivated by profit, which, according to respondents, leads to increased costs and less focus on finding amicable and effective solutions. Non-bank companies and debt collection agencies are criticised for exerting pressure when negotiating contracts, charging unregulated interest rates and providing loans to people who are clearly unable to repay them.

### **2. Insufficient communication and lack of coordination**

Many responses highlight poor or completely lacking communication between creditors, bailiffs, insolvency administrators and consumers. Debtors often find themselves in a downward spiral because they do not have access to clear information and do not know who to turn to. Cases were also mentioned where bailiffs deliberately complicate the process (e.g. by blocking protected accounts). In the area of insolvency, there is a problem with inconsistent court procedures and different interpretations of amendments to laws, which increases uncertainty.

### **3. Unequal position of consumers**

Respondents repeatedly state that consumers are the weaker party, unable to understand complex contracts, legal language or interest and APR calculations. This leads to the acceptance of unfavourable terms that they are unable to meet. Some also mentioned psychological pressure from credit providers and the lack of affordable legal representation. Consumers are thus pitted against a system in which the economic interests of creditors prevail over their protection.

### **4. Structural and legislative problems**

Comments were also made on the inadequate regulation of the non-banking sector, high ceilings on ancillary charges and complicated legal processes. Some respondents point out that the resale of debts to collection agencies changes the purpose of enforcement – the goal is no longer to repay the principal, but to maximise interest. Other problems include the high costs of lawyers when drafting insolvency petitions and the absence of clear deadlines (e.g. when setting up protected accounts).

### **5. Ethical and practical contradictions**



Several responses summarise the situation in general terms: the conflict between profit and assistance, law and ethics, individual and systemic responsibility. Social services perceive indebtedness as a complex problem linked to social and health situations, while financial institutions emphasise the individual responsibility of the debtor. This difference in approach complicates the search for a common solution.

## 5.2 Identification of common problems related to enforcement proceedings

The vast majority of respondents (almost 86%) confirmed that they had encountered cases where court or enforcement proceedings significantly increased the original amount of debt. This means that respondents perceive legal and enforcement processes as a significant factor that not only fails to resolve indebtedness but, on the contrary, contributes to its further growth.

Only 14% of respondents did not report similar experiences. However, this percentage indicates an exception rather than the rule.

Overall, the results confirm that the costs associated with court and enforcement proceedings (interest on arrears, fines, bailiffs' and lawyers' fees) are a key factor in the original debt increasing by hundreds of per cent, which makes it much more difficult for debtors to repay their debts and escape the debt spiral.



### Reasons for the increase in debt due to court or enforcement proceedings

The open-ended responses from respondents show that the most common causes of a significant increase in the original debt are high interest on arrears and enforcement costs. It repeatedly appears that even a relatively small debt of a few hundred crowns (e.g., a fine for public transport or an unpaid fee) can climb to tens of thousands over the years due to interest, penalties, and bailiff fees. A



typical example was a ticket for CZK 600, which after ten years of enforcement had grown to CZK 19,000.

Respondents also point to the costs of legal representation and lawyers' fees, which often do not correspond to the actual complexity of the case. They also criticise the non-transparent billing of bailiffs, the deliberate increase of fees and unnecessary actions (e.g. unnecessary expert opinions or delivery to an address where the debtor has not lived for a long time). Long court and enforcement proceedings are also mentioned, during which interest and accessories accrue, leading to a multiple increase in the original principal.

Another important factor is the passivity of debtors – not responding to requests, not accepting mail or completely ignoring their obligations. This inaction often means that the debtor is completely unaware of the proceedings and only finds out about them when their account is frozen or their assets are seized. In such situations, it is practically impossible to actively prevent the debt from growing.

The responses also included criticism of the systemic setup of debt enforcement in the Czech Republic – in particular, the absence of a cap on costs in older cases, the possibility of repeated assignment of debt to collection agencies, and the inappropriate priority of repayment (where interest and costs are paid first, rather than the principal itself). This means that even after years of repayment, the debtor often owes more than at the beginning.

Overall, respondents perceive enforcement proceedings as a factor that significantly reduces debtors' chances of getting out of debt, as it combines high ancillary costs, disproportionate expenses and, in some cases, the unwillingness of institutions to seek amicable solutions.

## **5.3 Recommendations for improving debt counselling services**

This chapter summarises suggestions and ideas from experts and the experience of counsellors themselves, which show how debt prevention can be strengthened and the effectiveness of assistance to consumers in debt traps increased. The responses show that the current support and regulatory system is still unclear, inaccessible or insufficiently functional for many people. It is therefore necessary to seek solutions that combine education, early intervention, legislative changes and better cooperation between institutions. The following section presents key recommendations on how to improve advisory services and contribute to sustainable debt relief and consumer protection.

Based on the respondents' answers, it is clear that the key to preventing indebtedness does not lie in a single measure, but in a whole combination of steps that must go hand in hand. Their statements most often repeat the need to link prevention and education with legislative changes and practical tools available to people in their everyday lives. The results show several key areas on which systemic measures should focus:

### **1. Strengthening financial literacy**

The most frequently mentioned measure is financial education starting in primary school, but also for secondary school students, adults, seniors and vulnerable groups. Respondents emphasise the need for practical teaching of money management, budgeting, understanding interest rates and contractual terms. There was also frequent mention of the need for debt prevention in the workplace or through community workshops and the media.

## **2. Accessible and high-quality advice**

A large proportion of responses emphasise the need for free and accessible debt and financial advice in all regions, including online and field services. Suggestions for central debt registers (similar to the insolvency register), debt calculators or applications for assessing the profitability of loans are emerging as useful tools.

## **3. Stricter regulation of the credit market**

Respondents call for restrictions or bans on non-bank loans and microloans, caps on APR, interest rates and penalties, bans on misleading advertising of loans, and stricter rules for assessing consumer creditworthiness. There is also a proposal to introduce a mandatory "financial eligibility test" before concluding a credit agreement, which would check not only the consumer's income but also their knowledge.

## **4. Legislative and systemic changes**

Proposals include capping ancillary charges, automatically stopping futile enforcement proceedings, consolidating enforcement proceedings under a single enforcement officer, stricter supervision of credit providers by the CNB, and even abolishing the system of private enforcement officers. Some respondents recommend introducing a time limit (e.g. 24 hours) between the application and the signing of the contract to limit impulsive decisions.

## **5. Early intervention and support for vulnerable households**

Several responses point to the need for early detection of risky behaviour, e.g. warning signs in the event of repeated non-payment. There is also support for more flexible social assistance, which would be available sooner than after several months and would take into account the actual balance after enforcement or insolvency deductions.

## **6. Awareness raising and changing the social climate**

Respondents suggest public campaigns, real stories of indebted people in the media, and destigmatisation of seeking help. Emphasis is placed on greater personal responsibility on the part of consumers and on promoting a culture of financial prudence.

## **Legislative reforms and recommendations**

Analysis of respondents' answers shows that the debt resolution system in the Czech Republic is perceived as complex, fragmented and, in some respects, unfair. The most common suggestions are for stricter regulation of non-bank



lenders. Respondents call for caps on interest rates and APR, a clear legislative definition of usury, and tougher penalties for companies that do not assess the creditworthiness of clients. There are also repeated calls to restrict or ban online loans and tighten the CNB's supervision of the market.

A large proportion of the responses also contain recommendations concerning enforcement proceedings. The most frequently mentioned principle is "one debtor = one enforcement officer", which should prevent parallel enforcement proceedings and reduce enforcement costs. Other proposals include stopping futile enforcement proceedings, limiting the costs of minor debts and strengthening the supervision of bailiffs, including proposals to integrate them into the civil service with a fixed salary.

Respondents also point to the need to simplify insolvency proceedings and make debt relief more accessible to vulnerable groups (senior citizens, single parents, disabled persons). In this context, there are also proposals for the creation of a central register of debts and liabilities or a free "debt account" that would provide citizens with a clear overview of their situation.

A significant proportion of the proposals also relate to prevention and education. Respondents recommend introducing compulsory financial literacy in schools, supporting educational programmes for adults and raising awareness of the possibilities of professional debt counselling. Some also propose regulating loan advertising and introducing a requirement to inform borrowers about the possibility of free counselling at the start of proceedings.

Overall, the responses suggest that effective reform should be based on three pillars: regulation of the loan market (especially the non-banking sector), fairer and more transparent enforcement and insolvency practices, and strengthening prevention through financial literacy and counselling. According to respondents, these steps could lead to greater confidence in the fairness of the system and a sustainable solution to the debt problem in the Czech Republic.

### **One fundamental change in the debt resolution system**

Respondents' answers show that if they had the opportunity to change one thing in the current system, their proposals would focus mainly on limiting non-bank loans and regulating them more strictly, as well as reforming enforcement practices and strengthening prevention through education and awareness.

One of the most frequently mentioned measures is the introduction of the principle of "one debtor = one enforcement officer". According to respondents, this change would lead to greater transparency, lower enforcement costs and motivate debtors to actively resolve their obligations. Also related to enforcement are proposals to reduce bailiffs' fees, cap debt accessories and convert bailiffs into civil servants with fixed salaries.

A significant proportion of the responses focus on the regulation of the loan market, particularly the non-banking sector. People propose banning online loans without credit checks, capping interest rates (e.g. at 10% per annum), banning microloans and imposing tougher sanctions on providers who do not assess

creditworthiness. There is also a frequent call for restrictions or a ban on gambling and loan advertising in the media.

Another group of responses emphasises prevention and education – compulsory financial literacy in schools, timely information for debtors about free assistance options, or the creation of a central debt register ("debt account") accessible to citizens and advisors. There is also the idea of establishing a state platform for personal finance management, which would provide citizens with an up-to-date overview of their debts and recommendations for managing them.

A smaller proportion of respondents also mention broader social and economic contexts – in particular, affordable housing, an increase in the minimum wage, or better protection for spouses and families from the consequences of one partner's debts.

Overall, the most common responses focus on three key areas: a fairer enforcement system, tougher regulation of non-bank loans, and more consistent prevention through education and awareness. According to respondents, these changes could contribute significantly to a more transparent, fairer and more effective solution to debt in the Czech Republic.

### **TOP 5 most frequent suggestions for change:**

1. **The principle of "one debtor = one enforcement officer"**
  - consolidation of enforcement proceedings with a single enforcement officer, reduction of costs, greater transparency and motivation for debtors to repay.
2. **Stricter regulation of non-bank loans**
  - ban on online loans without credit checks, interest rate caps (e.g. 10% per annum), ban on microloans, higher penalties for unfair practices.
3. **Restrictions on advertising for loans and gambling**
  - ban or significant restriction of advertising for risky loans, microloans and gambling that attract vulnerable groups of the population.
4. **Mandatory financial literacy and prevention**
  - integration of financial education into schools, timely information for debtors about free assistance options, a central debt register ("debt account") accessible to citizens and advisors.
5. **Fairer remuneration and procedures for bailiffs**
  - reduction of fees for low debts, capping of ancillary costs, conversion of bailiffs to civil servants with fixed salaries, prohibition of liquidation practices.

### **Analysis of effective forms of support for indebted persons**

The respondents' answers show that the most effective assistance to indebted persons is comprehensive in nature and cannot be reduced to a single area. Nevertheless, certain emphases emerge from the answers, which can be divided

into three main areas: social, legal and financial support, with their combination playing a key role.

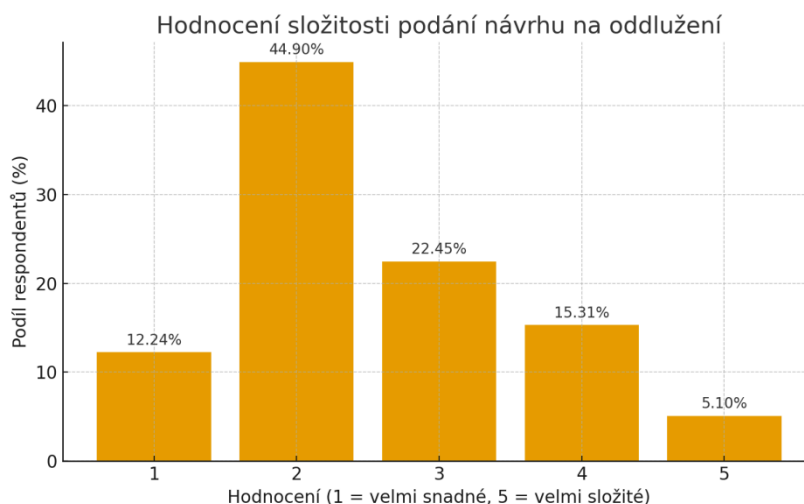
- Social support was mentioned most often. Respondents perceive it as a basic prerequisite for stabilisation – it provides not only practical guidance (help with benefits, housing, employment), but also psychological support and motivation, which is essential for long-term debt management. Social workers are often the first to map out the client's entire life and financial situation and help them navigate the available solutions. Several responses also emphasise the importance of long-term support and case management.
- Legal support is the second pillar. Respondents associate it mainly with debt relief and insolvency processes, legal guidance in contracts, enforcement proceedings, and communication with creditors and courts. Without legal advice, clients risk making fundamental mistakes with irreversible consequences. Some respondents also emphasise the need to make legal services accessible to those who cannot afford them, or to strengthen the role of free debt counselling.
- Financial support (e.g. benefits, one-off assistance, food or material support) is seen as a complementary but necessary tool, especially in situations where it is necessary to bridge the period before the start of insolvency proceedings or when there is a threat of losing one's home. At the same time, however, it is argued that a financial injection alone is not enough if it is not accompanied by social and legal advice.

Many respondents agree that the most effective approach is a coordinated combination of all three types of support – i.e. a combination of legal guidance, social stabilisation and financial security. In practice, this means not only professional assistance with legal steps, but also work on motivation, income and housing stabilisation, debt recurrence prevention and support in everyday life.

### **Debt relief under current legislation**

The results of our survey also show that the complexity of filing for debt relief under current legislation is generally considered to be relatively low, but certainly not entirely without problems. The largest group of respondents, almost 45%, rated the complexity as 2, indicating that they do not consider the process to be particularly complicated, but that it still requires a certain degree of knowledge and familiarity with the system. Approximately a quarter of respondents (22.45%) perceive the filing of a petition as moderately difficult, i.e. manageable, but with significant barriers that may hinder people without sufficient support. Another part of the responses, around 15%, rated the complexity higher, with a score of 4, and more than 5% even gave it the maximum score of 5, which indicates that for a certain group, this process remains very demanding. On the contrary, more than 12% of respondents consider it easy and gave it a score of 1.

Overall, it can be said that although legislative changes in recent years have led to a certain simplification of the debt relief process, many people still need expert advice and accessible information materials to help them better navigate and successfully complete this administratively and psychologically demanding step.



An analysis of the open-ended responses to the question "Which parts of the debt relief proposal do you consider most problematic for clients/processors?" shows that although some respondents consider the entire process to be clear and well-designed, the majority identify a number of areas that are a major obstacle for both debtors and processors. The most common difficulties are proving income for the last 12 months and estimating future income potential, which is very challenging for clients with irregular employment history, frequent job changes or informal income. The second major problem area is mapping liabilities – clients often do not have an overview of all their debts, they lack contracts or decisions, and obtaining information from creditors or bailiffs is often difficult and time-consuming for them.

The formal and legal aspects of the proposal, which are incomprehensible to laypeople and require expert interpretation, are also considered significant complications. Respondents find it particularly difficult to describe in detail the decisive facts proving insolvency, state the reasons for indebtedness, and provide all the required attachments. Another problem is the different practices of courts and the inconsistent interpretation of the conditions for debt relief, which increases uncertainty for both clients and processors. Some also point to complications in determining the debtor's "honest intention", where even minor errors can lead to the rejection of the proposal.

A significant proportion of the responses point to practical barriers – from the difficulty of obtaining older documents and contracts, to the obligation to provide proof of income from multiple sources, to complicated calculations related to housing protection or the assessment of the debtor's abilities and skills. It was also mentioned several times that although the forms are instructive, they are practically impossible to complete for the average person without professional assistance. In conclusion, despite certain legislative simplifications, the debt relief proposal remains a highly administratively demanding process, requiring intensive cooperation between the client and the processor and often repeated verification of data with multiple institutions.

## Recommendations



In order to make the process of filing for debt relief less burdensome for both clients and processors, the following recommendations should be considered:

**1. Uniform database of liabilities and creditors**

The creation of a central register of all debts, enforcement proceedings and contractual obligations would eliminate the need for complex searches for information at individual institutions. Both the client and the processor would have a clear and up-to-date overview of all liabilities.

**2. Digitisation of documents and forms**

An electronic form that would automatically retrieve data from registers (income, debts, assets) would reduce the administrative burden and minimise errors. It could also include notifications of missing attachments.

**3. Uniform methodology of courts**

The introduction of a standardised procedure for commercial courts and insolvency administrators would eliminate regional differences and uncertainty in the assessment of proposals.

**4. Simplified proof of income**

Instead of having to document income for the previous 12 months, it would be possible to use an extract from the Czech Social Security Administration (ČSSZ) records or a tax return, which would greatly ease the situation for people who change jobs frequently or work irregularly.

**5. Support for client orientation**

Clear instructions, explanatory materials and simple wording of forms would increase the chances that even less experienced clients would understand the process and actively participate in resolving their debt.

**6. Emphasis on comprehensive assessment**

The assessment of income potential and honest intent should be less subjective – it is recommended that clear rules and indicators be established for courts and administrators to follow.

**7. Better coordination between institutions**

The introduction of direct communication between courts, insolvency administrators, bailiffs and advice centres would eliminate delays caused by repeated requests for documents and unnecessary administration.

**Let's take a closer look at the three main EU institutions involved in this issue and how they work together**

**EU institutions**

Three key European Union institutions are involved in consumer debt policy and regulation.

**The European Commission** is the main player in the preparation of legislation and strategic frameworks. It initiates proposals for directives and regulations aimed at strengthening consumer protection, preventing excessive debt and promoting financial literacy. An example is the revision of the Consumer Credit

Directive, adopted in 2023, which responds to new forms of lending, the digitalisation of the financial market and the need to strengthen consumer rights.

**The European Banking Authority (EBA)** is a specialised supervisory authority that harmonises the supervision of banks and non-bank credit institutions within the EU through guidelines, technical standards and reports. The EBA ensures that credit products are transparent and fair, thereby contributing directly to consumer protection.

**The European Systemic Risk Board (ESRB)** has a macro-prudential role, i.e. it oversees the stability of the entire financial system. Although its focus is not exclusively on consumers, it monitors, for example, the risks associated with rising household debt and formulates recommendations for the prevention of financial crises that could adversely affect consumers across the EU.

### Cooperation between EU institutions

These institutions operate within an interconnected framework, with each playing a specific role. The European Commission formulates legislative proposals and policy priorities, which are then approved by the European Parliament and the Council of the EU. The EBA and other European Supervisory Authorities translate legislation into specific technical standards and methodological guidelines to ensure its uniform implementation in all Member States. The ESRB then provides analytical data and warnings about systemic risks, enabling the Commission and the EBA to respond in a timely manner and take preventive measures.

This interconnection creates a comprehensive system: the Commission sets the political direction, the EBA establishes supervisory rules and the ESRB monitors macroeconomic impacts. Together, they contribute to ensuring that the European framework for protecting consumers from over-indebtedness is consistent, effective and responsive to new challenges.

### Implementation in the Czech environment

The EU's objectives and policies in the area of consumer debt regulation are also reflected in Czech legislation and practice. For example, the Czech Republic implemented the Consumer Credit Directive through Act No. 257/2016 Coll. on consumer credit, which tightened the rules for granting loans and established an obligation to thoroughly check the creditworthiness of clients. Market supervision is carried out by the Czech National Bank, which cooperates with the EBA on the adoption of European standards and methodological guidelines. The ESRB's macroeconomic recommendations are reflected in the CNB's regular financial stability reports, which pay particular attention to the risks associated with the growth of household debt.

In recent years, specific reforms have been adopted in Czechia that directly respond to European objectives. These include in particular:

- **An amendment to the Insolvency Act (2024)**, which shortened the debt relief period to three years for all debtors and simplified access to insolvency, thereby strengthening second chances and preventing social exclusion.



- **The introduction of a protected account (2021)**, which protects the non-seizable part of debtors' income from enforcement and ensures that debtors have the means to cover their basic living expenses.
- **Regulation of non-bank credit providers** through licences granted by the CNB, which has significantly reduced the number of dishonest providers on the market and brought the Czech framework into line with European standards.
- **Support for financial literacy** through the Ministry of Finance's Action Plan and the activities of the Ministry of Education, which reflect the European emphasis on preventing over-indebtedness and educating the population.

These steps show that the Czech Republic is gradually aligning its approach with European policy, both in terms of legal regulation and practical measures aimed at consumer protection and financial system stability.

## 5.4 Strategy to support policy-making

The analysis shows that effective policy in the area of consumer debt prevention and resolution must be based on evidence, i.e. data on the experiences of consumers and experts. The results show that indebtedness is the result of a combination of structural factors (low income, complex legislation, predatory practices in the credit market) and individual vulnerabilities (low financial literacy, life crises, psychological barriers). The strategy must therefore be multi-level and systemic.

### 1. Prevention and education

- Strengthen financial literacy at all levels of education, including primary and secondary schools, and expand practical budget management courses for adults, seniors and vulnerable groups.
- Support media campaigns and awareness-raising activities that destigmatise debt and show available solutions.

### 2. Accessible and high-quality advice

- Ensure a sustainable network of free and independent debt counselling throughout the Czech Republic, both in person and online.
- Strengthen interdisciplinary cooperation between civic counselling centres, courts, bailiffs, municipalities and social services.
- Introduce centralised tools, such as a database of all liabilities (debt account) and online debt relief calculators.

### 3. Regulation and legislation

- Adopt stricter regulation of non-bank lenders: cap interest rates and APR, ban microloans without credit checks, and restrict aggressive advertising.
- Simplify the debt relief process and reduce the administrative burden on clients through digitisation and a uniform court methodology.

- Reform the enforcement system according to the principle of "one debtor = one enforcement officer", stop futile enforcement proceedings and limit ancillary claims.

#### **4. Early intervention and support**

- Introduce early warning mechanisms (e.g. for repeated late payments).
- Strengthen the availability of social support – timely assistance with housing, energy or basic needs to prevent indebtedness on essential expenses.
- Involve employers, community organisations and health services as partners in the early identification of problems.

#### **5. Linking to the European framework**

- The Czech Republic's strategy should continue to reflect the European Commission's objectives in the area of consumer protection and prevention of over-indebtedness, implement the EBA's recommendations on the fairness of credit products and monitor the ESRB's warnings on macroeconomic risks.
- Practical examples of implementation include the amendment to the Insolvency Act (2024), protected accounts (2021), the licensing of non-bank providers by the CNB, and the Ministry of Finance's Financial Literacy Action Plan.

This strategy should serve as a basis for policy decisions and for improving the practice of advisory services. A combination of prevention, regulation, accessible advice and timely support can significantly contribute to reducing the number of people at risk of falling into a debt spiral and strengthen social cohesion in the Czech Republic.

## **6. Conclusion**

The Consumer Needs Assessment Report provides a comprehensive overview of indebtedness in the Czech Republic. Analysis of the responses of more than two hundred participants – both consumers in debt and experts in the field of debt counselling and related professions – shows that indebtedness is always the result of a combination of individual, structural and systemic factors.

On the individual side, low and unstable incomes, life crises and a lack of financial literacy have a significant impact. At the systemic level, the complexity of legislative processes, insufficient regulation of non-bank credit providers and the high costs associated with enforcement or insolvency proceedings play an important role. Together, these factors mean that indebtedness is not a short-term problem, but becomes a long-term burden that negatively affects not only the financial but also the psychological and social functioning of consumers.



The experiences of consumers and stakeholders agree that the key prerequisites for improvement are the availability of timely and high-quality assistance, the strengthening of financial literacy, a fairer credit market, and systemic reform of enforcement and debt relief. A significant part of the recommendations also aims to strengthen prevention and interdisciplinary cooperation – that is, to create an environment in which it is possible to identify risky situations before they turn into an unsolvable debt spiral.

The findings of this report provide a solid basis for evidence-based policy-making. They show that measures must be multi-level, combining education and prevention, market regulation, support for socially vulnerable households and ensuring access to independent advice. At the same time, it is clear that Czech policy must remain aligned with the European framework for consumer protection and financial stability.

This report is therefore not only a reflection of the current situation, but above all a call for stronger cooperation between institutions, more effective legislation and the development of accessible advisory services that will enable people in need to regain financial stability and a dignified life.