

# Annex 1. Detailed overview: the role of institutions and organisations involved in information dissemination

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| Ministry of Justice   | <p>Functions:</p> <ul style="list-style-type: none"> <li>Developing, organising, and coordinating the insolvency policy of legal persons (except credit institutions) and natural persons.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>Ensuring the implementation of sector policies in the institutions subordinated to the Ministry and in the State-owned capital companies, in which the Ministry holds the capital shares of the State;</li> <li>Informing the public about the sector's policies and the execution of the Ministry's tasks, as well as about the activities of private persons to whom administrative functions have been delegated, state-owned enterprises, and entities subject to the Ministry's control;</li> <li>Ensuring public information and dialogue with the public on legal policy and promoting the development of the public's legal thinking and awareness in accordance with the principles of a democratic state;</li> <li>Ensuring that publicly available information held by the Ministry is available to the public, review requests for information from individuals, and, consistent with the principle of good administration, provide access to certain types of publicly available information on the Ministry's website on its own initiative.</li> </ul> |
| Ministry of Economics | <p>Functions:</p> <ul style="list-style-type: none"> <li>Developing, organising, and coordinating the economic development policy;</li> <li>Developing, organising, and coordinating the consumer rights protection policy.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>Ensuring the implementation of sector policies in the institutions subordinated to the Ministry and in the State-owned capital companies in which the Ministry holds the capital shares of the State;</li> <li>Informing the public about sector policies and the activities of the entities under the Ministry, involving public representatives in the decision-making process, and promoting social dialogue on issues related to the development, implementation, and evaluation of sector policies;</li> <li>Improving the business environment and coordinating business support instruments.</li> </ul>   |
| Ministry of Finance   | <p>Functions:</p> <ul style="list-style-type: none"> <li>developing and organising financial policies and coordinating their implementation.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>Informing the public about the sector policy and the activities of the institutions subordinate to the Ministry, involving the representatives of the public in the decision-making process, promoting social dialogue on issues related to the development, implementation, and evaluation of the sector policy;</li> <li>Developing and implementing a policy in the field of the national business support control policy;</li> <li>Managing the financial market policy;</li> <li>Ensuring the implementation of the sector policy in the public administration institutions subordinated to the Ministry and in the State-owned capital companies in which the Ministry holds the capital shares of the State.</li> </ul>  |
| Ministry of Welfare   | <p>Functions:</p> <ul style="list-style-type: none"> <li>Developing, organising, and coordinating policies in the areas of employment, social protection, rights of children and families, and equal opportunities for people with disabilities.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>Developing the national policy for the reduction of unemployment;</li> </ul>  |

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|                            | <ul style="list-style-type: none"> <li>• Participating in the development of employment policies and the improvement of the system to support professional development;</li> <li>• Developing the national policy on setting the minimum wage;</li> <li>• Developing the national policy in the field of social insurance and state social benefits;</li> <li>• Developing the national policy on social assistance, social work, social welfare, and social and vocational rehabilitation;</li> <li>• Ensuring the implementation of the sector policy in the public administration institutions under the Ministry and in the State-owned capital companies in which the Ministry holds the capital shares;</li> <li>• Informing the public about the sector policy and the activities of the institutions subordinate to the Ministry, involving the public representatives in the decision-making process, promoting social dialogue on issues related to the development, implementation, and evaluation of the sector policy.</li> </ul>   |
| Insolvency Control Service | <p>Goal:</p> <ul style="list-style-type: none"> <li>• The goal of the activity of the Service is to implement the national policy in the field of legal protection and insolvency proceedings, to protect the interests of employees in the insolvency proceedings of their employer and to implement the protection of state and public interests in the legal protection and insolvency proceedings in accordance with the law.</li> </ul> <p>Functions:</p> <ul style="list-style-type: none"> <li>• Carrying out the functions set forth in the Insolvency Law, and the law “Law on the protection of employees in the case of employer’s insolvency”.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>• Carrying out the tasks set forth in the Insolvency Law, and the law “Law on the protection of employees in the case of employer’s insolvency”;</li> <li>• Developing, within the scope of competence, draft regulations, orders, and informative reports of the Cabinet, as well as preparing and submitting proposals for the improvement of legislation related to the field of insolvency;</li> <li>• Organising the development and publication of methodological and informative material in the field of insolvency.</li> </ul>   |
| SEA                        | <p>Goal:</p> <ul style="list-style-type: none"> <li>• The goal of the activity of the Agency is to implement the national in the field of reducing unemployment and providing assistance to the unemployed, job seekers, and those at risk of unemployment.</li> </ul> <p>Functions:</p> <ul style="list-style-type: none"> <li>• Considering the needs, skills, and aspirations of the unemployed, job seekers, and those at risk of unemployment, providing these persons with rapid and quality support to promote their competitiveness in the labour market;</li> <li>• Organising or implementing active employment measures and preventive measures to reduce unemployment;</li> <li>• Preparing proposals for the development and implementation of the national policy in the field of unemployment reduction and assistance to the unemployed, job seekers, and persons at risk of unemployment;</li> <li>• Licensing and supervision of merchants providing job provision services.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>• Evaluating the implementation of active employment measures and preventive measures aimed at reducing unemployment, making proposals to improve them, and promoting the diversification of these measures in accordance with labour market demand;</li> <li>• Improving individual work with the unemployed to ensure their return to the labour market as soon as possible;</li> <li>• Providing vocational guidance to the unemployed, job seekers, and persons at risk of unemployment and others, as well as to regularly improving the informative methodological basis for the provision of vocational counselling services.</li> </ul> |
| CRPC                       | <p>Goal:</p> <ul style="list-style-type: none"> <li>• The goal of the Centre is to protect the rights and interests of consumers, monitor the market, and monitor dangerous devices and regulated metering.</li> </ul> <p>Functions:</p>   |

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|                | <ul style="list-style-type: none"> <li>• Implementing the rights and obligations set forth in the Consumer Rights Protection Law and other laws and regulations;</li> <li>• Performing tasks in the field of protection of consumer rights and interests.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>• Verifying whether the procedure for the assuming, formalising and fulfilment of warranty obligations are followed;</li> <li>• Verifying whether the procedure for indicating the prices of goods and services is complied with;</li> <li>• Advising consumers on matters of consumer protection;</li> <li>• Assessing the compliance of offers submitted to consumers, draft contracts and the fulfilment of concluded contracts and obligations with the requirements set forth in the law and making the appropriate decision.</li> </ul>   |
| SRS            | <p>Goal:</p> <ul style="list-style-type: none"> <li>• The goal of the activity of the Service is an effective performance of the functions of public administration in the collection of national taxes, duties and other obligatory payments established by the State, as well as in customs matters.</li> </ul> <p>Functions:</p> <ul style="list-style-type: none"> <li>• Ensuring the accounting for tax payments and taxpayers;</li> <li>• Ensuring the collection of national taxes, duties, and other mandatory charges on the territory of the Republic of Latvia and for the budget of the European Union.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>• Ensuring the collection of national taxes, fees and other mandatory payments established by the State, administered by the State Revenue Service on the territory of Latvia and at the customs border, as well as the collection of taxes, fees and other obligatory payments to the budget of the European Union;</li> <li>• Participating in the development and implementation of policies on the administration of customs matters, taxes and duties, and the detection of irregularities in the area of public revenues. Preparing draft development planning documents, informative reports, and legislation in the relevant area;</li> <li>• Training officials (employees) of the State Revenue Service, informing the public about the importance of paying taxes by organising information events and competitions, and advising taxpayers on the application of tax legislation in accordance with the Law on State Revenue Service;</li> <li>• Imposing penalties on violators of the tax and revenue laws based on the laws and regulations of the Cabinet;</li> <li>• Reviewing and deciding on the extension of tax payment deadlines;</li> <li>• Controlling the correct application of tax (duties) reductions and reliefs;</li> <li>• etc.</li> </ul> |
| FCMC           | <p>Functions:</p> <ul style="list-style-type: none"> <li>• Regulating and supervising the financial and capital market and the activity of its participants;</li> <li>• Promoting the protection of the interests of investors, depositors, and insured persons;</li> <li>• Promoting the development and stability of the financial and capital market.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>• Ensuring the accumulation, administration, and disbursement of compensation from the Deposit Guarantee Fund and the Insured Persons' Protection Fund in accordance with the Deposit Guarantee Law and the Insurance Companies and Supervision Law;</li> <li>• Ensuring the payment of compensation to investors in accordance with the Investor Protection Law;</li> <li>• Analysing the legislation regulating the financial and capital markets, prepare proposals for improving the legislation and harmonising it with the legislation of the European Community.</li> </ul>   |
| Bank of Latvia | <p>Goal:</p> <ul style="list-style-type: none"> <li>• The main goal of the Bank of Latvia is to maintain price stability. Without prejudice to the main objective, the Bank of Latvia supports the general economic policy of the European Union.</li> </ul> <p>Tasks:</p>  |

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|                      | <ul style="list-style-type: none"> <li>Starting 1 January 2022, the Bank of Latvia takes over the task of the Financial and Capital Market Commission – promoting the acquisition of financial and economic knowledge in the public;</li> <li>Under Article 127 (5) of the Treaty on the Functioning of the European Union and Article 3.3 of Protocol No. 4 on the Statute of the European System of Central Banks and of the European Central Bank, the Bank of Latvia assists the competent authorities in the supervision of credit institutions and the stability of financial systems.</li> </ul>   |
| Court Administration | <p>Functions:</p> <ul style="list-style-type: none"> <li>Organising and ensuring the administrative work of the judiciary institutions</li> </ul>   |
| LCCI                 | <p>Functions:</p> <ul style="list-style-type: none"> <li>Promoting the development of business in the regions of Latvia</li> <li>Participating in the development of the national economic policy</li> <li>Providing support to Latvian entrepreneurs in Latvia and abroad</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>Participating in the formulation and implementation of economic policy; monitoring the public administration;</li> <li>Promoting the competitiveness of its members and customers;</li> <li>Organising exhibitions, seminars, and other events in business-related fields;</li> <li>Providing information and counselling services on business activities in Latvia and abroad;</li> <li>Publishing and distributing newsletters, brochures, catalogues and other publications;</li> <li>Providing services to promote business development.</li> </ul>              |
| LEC                  | <p>Objective:</p> <ul style="list-style-type: none"> <li>Promoting the economic, employment, educational and social policy environment conducive to the business creation and development;</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>Informing members of draft policy planning documents and laws and summarise comments made by members;</li> <li>Issuing opinions on draft policy planning documents and legislation prepared by the institutions of public administration and Saeima, as well as institutions of the European Union, the International Labour Organisation, and other international organisations;</li> <li>Initiating the development of policy planning documents and draft legislation;</li> <li>Advising members on issues within the competence of the LEC;</li> <li>Informing the public about the goals and activities of the LEC and its members.</li> </ul>  |
| FIA                  | <p>Goal:</p> <ul style="list-style-type: none"> <li>Improving the business and financial services environment in Latvia, in cooperation with governmental and non-governmental partners.</li> </ul> <p>Functions:</p> <ul style="list-style-type: none"> <li>methodical, legal, consultative, etc. assistance for members.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>Participating in the development of relevant legislation and public expertise;</li> <li>Collecting and compiling information on key performance indicators for member-related industries and publishing it on a regular basis.</li> </ul>  |
| LALRG                | <p>Goals</p> <ul style="list-style-type: none"> <li>The strategic goal of the association is to promote a broader representation of the local and regional interests of the Latvian people by encouraging that people participate in public administration and strengthening the capacity of local government democracy and local government institutions;</li> <li>To be an influential opinion leader.</li> </ul> <p>Functions:</p> <ul style="list-style-type: none"> <li>Regularly publishing information regarding the decisions taken, their drafts and the progress of their development;</li> <li>Establishing the information centres and facilities of their own;</li> <li>Organising press conferences, public discussions, seminars on current (economic and political) issues, hold training sessions;</li> <li>The association participates in the process of legislative initiatives.</li> </ul> |

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|      | <p>Tasks:</p> <ul style="list-style-type: none"> <li>• Representing the interests of the association and its members and defending their rights with the State judicial and administration institutions;</li> <li>• Developing the opinion of the association regarding the policy of Latvian municipal policy;</li> <li>• Providing local governments with necessary information and services;</li> <li>• Supporting measures to improve the quality of life of the population in local governments (including environmental management, education, culture, sports, etc.);</li> <li>• Organising events for the promotion of charity;</li> <li>• Disseminating information to the population about the European Union, and national and municipal affairs.</li> </ul>  |
| LBA  | <p>Goals</p> <ul style="list-style-type: none"> <li>• Providing legal assistance in meeting the obligations to Latvian taxpayers in financial distress;</li> <li>• Promoting the restoration of the Latvian taxpayer's solvency by applying the established principles and legal solutions;</li> <li>• Preparing and providing information to Latvian taxpayers on their rights in meeting their financial obligations;</li> <li>• Preparing proposals for amendments to the legislation of the Republic of Latvia regulating mutual relations between creditors and debtors and submitting them to the relevant institutions.</li> </ul> <p>Functions:</p> <ul style="list-style-type: none"> <li>• Representing the interests of borrowers in negotiations with politicians, banks, and authorities;</li> <li>• Considering the proposals and needs of borrowers;</li> <li>• Informing borrowers about important changes;</li> <li>• Providing answers to questions that are unclear to borrowers;</li> <li>• Organising free seminars in small towns and regions outside Riga.</li> </ul>   |
| LAIA | <p>Goals</p> <ul style="list-style-type: none"> <li>• Raising the qualifications of administrators;</li> <li>• Carrying out certain tasks to facilitate the quality of the legal protection process and the insolvency process.</li> </ul> <p>Tasks:</p> <ul style="list-style-type: none"> <li>• Promoting the professional development of administrators and the acquisition of the most valuable experience;</li> <li>• Providing methodological support to the members;</li> <li>• Setting the professional ethical standards and activity of administrative professionals;</li> <li>• Evaluating the compliance of administrative professionals' activities with professional standards and ethical norms in accordance with procedures and to the extent required by law;</li> <li>• Analysing legislation regulating the activities of administrative officers and prepare proposals for its improvement, as well as participate in the preparation of new legislation, expressing the opinion of the Association of Administrative Officers;</li> <li>• Under the resolution of the meeting of the members, the association may establish short-term, long-term, and annual tasks, plans or programmes for the Association of Administrators.</li> </ul> |

## Annex 2. List of interviews

| No. | Institution, organisation | Name, surname, and position of the interviewee   | Date        |
|-----|---------------------------|--|-------------|
| 1   | MoW                       | Daiga Muktupāvela, MoW, Senior expert of the Methodological Management and Control Department<br>Sanita Vasiljeva, MoW, Deputy Director of the Social Policy Planning and Development Department   | 2021.10.26. |
| 2   | CRPC                      | Egija Gulbinska, CRPC, Head of the First Financial Services Supervision Division<br>Solveiga Kārklīņa, CRPC, Head of the Second Financial Services Supervision Division  | 2021.10.26. |
| 3   | SEA                       | Signe Bierande, SEA, Deputy Head of the Development and Strategic Communication Division of the Development and Analytics Department<br>Aleksandrs Rudavins, SEA, Head of the Receivables Administration Division of the Legal Department  | 2021.10.27. |
| 4   | MoE                       | Elīna Pētersone, MoE, Deputy Director of the Business Competitiveness Department   | 2021.10.29. |
| 5   | SRS                       | Natālija Filjipoviča, SRS, Deputy Director of the Taxpayer Behaviour Analysis and Forecasting Department   | 2021.11.01. |
| 6   | MoF                       | Miks Čevers, MoF, Lawyer of the Credit Institutions and Payment Services Policy Division of the Financial Market Policy Department   | 2021.11.02. |
| 7   | FCMC                      | Aija Brikše, Senior Financial Literacy Specialist of the Financial Literacy Division of the Communication and Financial Literacy Department of the Bank of Latvia  | 2021.11.29. |
| 8   | BoL                       | Kaspars Kravinskis, Head of the LB Knowledge Centre and Financial Literacy   | 2021.11.30. |
| 9   | FIA                       | Edgars Pastars, FIA Legal Adviser, Sworn Advocate<br>Daiga Mekša, FIA representative, SEB Banka's leading lending specialist<br>Ainārs Balcers, FIA Co-Chair of the Lending Committee, Head of Mortgage Lending Support at Swedbank in the Baltics<br>Andželika Vanaga-Stūre, Swedbank<br>Armands Onzuls, Consultant to the Financial Industry Association<br>Ieva Alhasova, FIA, Economic Adviser<br>Ingus Rigass, Citadele, Restructuring and workout<br>Kaspars Lukačovs, Luminor, credit manager in the Baltics<br>Marina Antonova, BlueOrange head of the credit department<br>Pavels Orlovs, BlueOrange, Bank risk director<br>Liene Ozola, MoJ, Lawyer of the Policy Development and Religious Affairs Department of the Sector Policy Department<br>Sanda Apine, Luminor, Head of Recovery | 2021.12.13. |
| 10  | LALRG                     | Kristīne Kinča, LALRG, legal advisor<br>Ilze Rudzīte, LALRG, health and social counsellor<br>Jānis Upenieks, LALRG system analytics  | 2022.02.03. |
| 11  | LBA                       | Jānis Āboliņš, LBA, Chairman of the Board  | 2022.02.10. |
| 12  | LEC                       | Inese Olafsone, LEC, economic expert   | 2022.02.14. |
| 13  | 4finance                  | Gvido Endlers, Regional manager<br>Harijs Poikāns, Head of Regional marketing  | 2022.02.17. |

| No. | Institution, organisation | Name, surname, and position of the interviewee  | Date        |
|-----|---------------------------|---|-------------|
| 14  | ICS                       | Alla Ličkovska, ICS, Deputy Director for Supervision<br>Karīna Paturska, ICS, Director of the Legal Department<br>Inese Cepleniece, ICS, Public Relations Manager<br>Daiga Sulaine-Vorslava, ICS, Legal Adviser in the Department of Finance<br>Liene Ozola, MoJ, Lawyer of the Policy Development and Religious Affairs Department of the Sector Policy Department | 2022.02.17. |
| 15  | LCCI                      | Lienīte Skaraine, LCCI, Vice President and Chair of the Board of Small and Medium Enterprises   | 2022.02.22. |
| 16  | LAIA <sup>1</sup>         | Ieva Broka, LAIA, Member of the Board<br>Daiga Sproģe, CEO  | 2022.03.04. |

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<sup>1</sup> LAIA submitted the information in writing.

## Annex 3. List of interview questions

1. What information and support does the institution offer to manage the financial distress of the target groups within the scope of the PwC project? (*For example, tools for assessing the financial position, methodological and informative materials for improving financial literacy and managing financial distress, consultations in managing financial distress, etc.*)
2. What are the key acute points in obtaining financial distress-related information and assistance by customers, cooperating with the institution you represent?
3. How do you inform target groups about the information and assistance available to address financial distress? Is there a communication strategy and plan to better reach target groups? What channels of information are used?
4. Do you differentiate between different customer segments and profiles in terms of disseminating information and providing support? If so, how do the approaches used differ, e.g., in terms of channel selection, digital/non-digital?
5. At what point do the target group's points of contact with the institution you represent occur? (*e.g., prior to the occurrence of the financial distress arose/when the financial distress was identified/when the informal or formal restructuring process is initiated/when the debt collection process is initiated, etc.*)
6. How would you rate the results your institution has achieved in disseminating information and aiding to address financial distress? (*e.g., data on the audience reached, data on frequency of use of available resources, conversion rates, quality of advice given, etc.*) What is currently working well and what needs improvement?
7. How do customers rate the information available and the assistance they receive in managing financial distress? Do you measure indicators such as customer satisfaction, willingness to recommend to others, and, for example, ease of use (when evaluating a digital tool/methodological material/information summary)?
8. Have you observed that the target groups have insufficient financial literacy knowledge? What could be the explanation for this? (*e.g., lack of resources, unavailability of resources, ineffective communication methods, lack of the relevance of the resource*)?
9. Have you identified that target audiences would need additional information or support in addition to the information and support already provided? Include information/support not yet provided.
10. With which institutions did your institution cooperate to develop its financial literacy? How does the cooperation work in practice?
11. In general, what are the main challenges that should be addressed in Latvia to disseminate information on how to solve and support financial distress in a timely manner?

# Annex 4. List of questions for focus groups

## SMEs

1. At what point do you have contact with public authorities?
2. How do you feel about central or local government support for your business?
3. Information from which institutions/persons is appreciated most?
4. What kind of support have you used?
5. How do you rate the process of receiving support?
6. How do you rate the support provided by the tax administration (SRS or local government) for your business?
7. Have you ever used a tool to assess your financial position? How useful are they?
8. Do you check the SRS' Electronic Declaration System (EDS) now and then?
9. Do you use methodical or informational materials to improve financial literacy and address financial distress, counselling for financial emergencies, etc.?
10. What are the main problems in obtaining information and assistance in financial distress that you would like to address in cooperation with the public administration?
11. How do you think information about available assistance to address financial distress should be disseminated?
12. Which sources of financial aspects-related information would you use first?
13. At what point is there a contact between the company and the public authorities?

## Entrepreneurs and consumers

1. Which sources of financial aspects-related information would you use first?
2. Where would you search for information?
3. Which of these information providers would catch your attention?
4. What would you recommend to the central and local governments, and private sector to reduce the bad debt burden for consumers/entrepreneurs?
5. At what point are the target audiences most prepared to follow advice?
6. What is your opinion of these sources of information?
7. Would these information sources be useful for you?

# Annex 5. Sample information request form

## Questions

1. In your experience, what communication channels are most effective for disseminating information about recommendations and available support to address financial distress? Why?

*For example, the institution's website, print media, television, radio, Internet news portals, social networks, brochures, and other printed information materials, etc.*

2. Please, **specify and briefly describe** the best examples of communication you have experienced in terms of disseminating information about recommendations and available support to address financial distress.

3. Please **specify and briefly describe** the least successful examples of dissemination of information about recommendations and available support for addressing financial distress in your experience.

## Data request

1. Statistics on visits to the website of the institutions (the average number of website visits per month, average duration per visit). Please submit data for 2021. If data is available for a shorter period, please specify that (e.g., a new website was created in the middle of the year).

2. Statistics on visits to the "XXX" and "XXX" sections of the website (the average number of website visits per month, average duration per visit). Please submit data for 2021. If data is available for a shorter period, please specify it (e.g., a new website was created in the middle of the year).

3. Data on the channels through which the customer accesses the website of the institution (website convergence by channel). Please submit data for 2021.

# Annex 6. List of sociological survey questions

## Consumer survey questionnaire

Hello, My name is \_\_\_\_\_ and I am calling from the market and social research centre “Latvijas Fakti”.

We are currently conducting a survey among Latvian residents to find out the approach of **consumers managing financial distress-related situations - how they would obtain information, what sources of information they would use, who they would turn to for assistance, etc.**

The aim of this survey is to help public administration institutions to **provide the best possible information solutions for people in financial distress in the future.**

[IF THE PERSON WANTS TO SPECIFY WHO IS THE CUSTOMER, READ OUT THIS]: This survey is being conducted as part of the Ministry of Justice's project “Development of information sources for identifying and managing **financial difficulties.**” **The survey is funded by the European Union and is carried out in cooperation with the European Commission and the European Bank for Restructuring and Development.**

[IF THE PERSON INQUIRES OF THE TOPIC/PURPOSE OF THE STUDY, READ OUT THIS]: The purpose of this **study is to gain insight into people’s habits in managing their household expenses and their views on the causes of and solutions to financial distress, as well as to identify their preferred channels of communication and sources of information when seeking solutions to financial distress.**

[IF THE PERSON IS CONCERNED ABOUT CONFIDENTIALITY, READ OUT THIS]: All information you provide is anonymous and confidential and will also be protected by law.

### Q.1. In the last five years, have you searched for any information that might be useful to people in financial distress?

*Explanation:* **Financial distress** means such circumstances, in which a person has defaulted or has difficulty making certain payments (e.g., mortgage or rent payments, utility or credit card bills, etc.) and is unable to settle these obligations with the existing income or savings.

MARK ONLY ONE ANSWER!

|     |                |
|-----|----------------|
| Yes | 1 => Q.2.-Q.6  |
| No  | 2 => GO TO Q7. |
| N/A | 8 => GO TO Q7. |

### Q.2. What sources of information have you used?

*Explanation:* **Financial distress** means such circumstances, in which a person has defaulted on or has difficulty making certain payments (e.g., mortgage or rent payments, utility or credit card bills, etc.) and is unable to settle these obligations with the existing income or savings.

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|--|----|
| Printed media  | 1  |
| Television   | 2  |
| Radio  | 3  |
| Internet news portals  | 4  |
| Social networks (Facebook, Instagram, LinkedIn, TikTok, Draugiem.lv) | 5  |
| Websites of public authorities                                       | 6  |
| Websites of local governments and their institutions                 | 7  |
| Internet browser (Google, Yahoo, Bing, etc..)                        | 8  |
| www.latvija.lv   | 9  |
| Booklets and other printed information materials                     | 10 |
| Face-to-face visit or consultation via phone at public institutions  | 11 |
| Face-to-face visit or consultation via phone in the municipality     | 12 |
| Commercial banks   | 13 |
| Non-bank lenders (“payday loans”)                                    | 14 |
| Private investors  | 15 |

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|------------------------------|---|----|
| MULTIPLE ANSWERS<br>POSSIBLE | Foreign resources (information/materials, e.g., from foreign sites) | 16 |
|                              | Professional associations/industry associations                     | 17 |
|                              | Friend/acquaintance   | 18 |
|                              | A financial advisor I personally know                               | 19 |
|                              | A lawyer I personally know  | 20 |
|                              | Educational establishments  | 21 |
|                              | Employer  | 22 |
|                              | Other SPECIFY   | 23 |

**Q.3. Information provided by which institutions have you used for managing financial distress for individuals?**

Explanation: **financial distress**

**Financial distress** means such circumstances, in which a person has defaulted on or has difficulty making certain payments (e.g., mortgage or rent payments, utility or credit card bills, etc.) and is unable to settle these obligations with the existing income or savings.

MARK THE RELEVANT ANSWERS IN COLUMN Q3.

**Q.4. Information provided by which institution (organisation) was most useful for you in practice? MARK ONE ANSWER IN THE COLUMN Q4.**

|   | Q.3. | Q.4. |
|---|------|------|
| Consumer Rights Protection Centre   | 1    | 1    |
| Latvian Consumer Protection Association (pateretajs.lv)                     | 2    | 2    |
| Consumer Support Centre   | 3    | 3    |
| European Consumer Centre  | 4    | 4    |
| Consumer Advocacy Club  | 5    | 5    |
| State Revenue Service   | 6    | 6    |
| Financial institution "Altum"   | 7    | 7    |
| National Employment Agency  | 8    | 8    |
| Insolvency Control Service  | 9    | 9    |
| Credit institutions (banks)   | 10   | 10   |
| Non-bank lenders ("payday loans")   | 11   | 11   |
| A seller who offers to sell goods on hire purchase terms                    | 12   | 12   |
| Local governments   | 13   | 13   |
| www.latvija.lv  | 14   | 14   |
| Social Department   | 15   | 15   |
| Ministry of Finance   | 16   | 16   |
| Ministry of Justice   | 17   | 17   |
| Ministry of Economics   | 18   | 18   |
| Educational establishments  | 19   | 19   |
| Unified State and Local Government Customer Service Centre (USLGCSC)        | 20   | 20   |
| Other SPECIFY _____   | 21   | 21   |
| None / have been interested in institutional support for financial distress | 99   | 99   |

**Q.5. Please explain why....** (THE ORGANISATION NAMED IN Q.4) was most useful to you in practice?

WRITE DOWN \_\_\_\_\_

**Q.6. What was your latest experience when you searched for information from public authorities for individuals managing financial distress? MARK ONLY ONE ANSWER!**

*Explanation:* **Financial distress** means such circumstances, in which a person has defaulted on or has difficulty making certain payments (e.g., mortgage or rent payments, utility or credit card bills, etc.) and is unable to settle these obligations with the existing income or savings.

|   |   |
|---|---|
| I found the necessary information without any particular problems                                   | 1 |
| I found it myself, but because of a long search, visiting the websites of various institutions      | 2 |
| I could not find the information on my own, so I called the institution and received a consultation | 3 |
| I found some information, but it was not complete, and I did not continue my search                 | 4 |
| I couldn't find the information, but I didn't continue searching                                    | 5 |
| Other: WRITE IT DOWN  | 6 |
| Difficult to answer/ NA   | 8 |
| I did not search for information at institutions  | 9 |

## ASK ALL!

|   |                         |   |
|---|-------------------------|---|
| <b>Q.7. How do you rate your knowledge of household budget planning and management?</b> | Sufficient              | 1 |
|   | Rather sufficient       | 2 |
| MARK ONLY ONE ANSWER!   | Rather insufficient     | 3 |
|   | Insufficient            | 4 |
|   | Difficult to answer/ NA | 8 |

|   |                         |   |
|---|-------------------------|---|
| <b>Q.8. Have you ever borrowed money from banks or non-banks ("payday loans") (including, for example, buying goods on hire purchase terms, or under a lease, drawing on a line of credit)?</b> | Yes                     | 1 |
| MARK ONLY ONE ANSWER!   | No                      | 2 |
|   | Difficult to answer/ NA | 8 |

## Q.9. For each of the statements shown in the table, please tell if you have personally ever experienced the situation described?

| MARK ONE ANSWER IN EACH LINE   | Yes | No | I don't know /NA |
|--|-----|----|------------------|
| I have borrowed based on the information that was not entirely true (for example, overstating my typical income level, etc.) | 1   | 2  | 8                |
| I have borrowed without fully reading the terms of the loan obligations  | 1   | 2  | 8                |
| I have borrowed on the terms that the monthly loan obligations exceeded 40% of my income                                     | 1   | 2  | 8                |
| I have taken out a loan to pay off already existing loans  | 1   | 2  | 8                |

|   |  |   |
|---|--|---|
| <b>Q.10. Do you or a member of your household owe anybody more than EUR 500 in total?</b> | Yes, I do, myself                            | 1 |
|   | Yes, a member of my household does           | 2 |
| <b>Such financial liabilities...</b>  | Yes, I do, and a member of my household does | 3 |
| MARK ONLY ONE ANSWER!   | None in my household does                    | 4 |
|   | Difficult to answer/ NA                      | 8 |

|   |   |   |
|---|---|---|
| <b>Q.11. What debt obligations do you or a member of your</b> | to the bank (a mortgage loan, car lease, consumer loan, etc.).....    | 1 |
|   | <u>to the non-bank lender (a consumer loan, car lease, etc.).....</u> | 2 |

|   |   |    |
|---|---|----|
| <b>household currently have? I have debt obligations...</b> | to the seller of the goods (for goods such as a phone, etc.).....                                   | 3  |
|   | to the service provider (bills for electricity, heat, facility management and utilities, etc.)..... | 4  |
| <b>MULTIPLE ANSWERS ARE POSSIBLE</b>                        | to the landlord (rent for the house, etc.).....   | 5  |
|   | Borrowing from relatives, friends, or acquaintances .....   | 6  |
|   | Other WRITE IT DOWN.....  | 8  |
|   | Difficult to answer/ NA .....   | 9  |
|   | Nobody in our household has debt obligations .....  | 99 |

**Q.12. In the last five years, have you or a member of your household had any problems or difficulties with the settlement of debt obligations as they fall due?**

Such a situation...

MARK ONLY ONE ANSWER!

|   |   |
|---|---|
| I have had problems.                                      | 1 |
| A member of my household has had it                       | 2 |
| I have had and a member of the household has had problems | 3 |
| Nobody in my household has had problems                   | 4 |
| Difficult to answer/ NA                                   | 8 |

**Q.13. What were the main reasons why you had problems paying off your debts on time?**

MULTIPLE ANSWERS POSSIBLE

1. Loss of employment/ income
2. Declining income
3. Lack of savings/ difficulties in setting aside money to repay the loan
4. Poor money planning
5. Insufficient knowledge of financial management
6. Loss of income due to the COVID pandemic
7. Rising prices
8. Loss of another earner in the family
9. A family addition/ children/ grandchildren
10. Retirement
11. Deterioration of health condition
12. Other unexpected expenses
13. Other SPECIFY \_\_\_\_\_

ASK THOSE WHO, IN Q.1, ANSWERED THAT THEY **HAVE NOT SEARCHED** FOR THE INFORMATION, CODE "2" MARKED

**Q.14.A. Imagine that you have a mortgage and are in financial distress, where would you search for information about getting help to make payments?**

*Explanation:* **\*Financial distress** means such circumstances, in which a person has defaulted on or has difficulty making certain payments (e.g., mortgage or rent payments, utility or credit card bills, etc.) and is unable to settle these obligations with the existing income or savings.

**Whom would you turn to first?** MARK ONE ANSWER IN COLUMN Q.14.A.

Q.14.B. **And whom would you turn to next?** MARK ONE ANSWER IN COLUMN Q.14.B.

Q.14.C. **And whom else would you turn to?** MARK ALL OTHER SOURCES IN THE COLUMN Q.14.C.

|   | Q.14.A.<br>Would be the<br>FIRST<br>SOURCE to<br>search | Q.14.B<br>Would be the<br>SECOND<br>SOURCE<br>search | Q.14.C<br>OTHER<br>sources where I<br>would search |
|---|---|--|--|
| Ministry of Finance   | 1   | 2  | 3  |
| Ministry of Justice   | 1   | 2  | 3  |
| Ministry of Economics   | 1   | 2  | 3  |
| State Revenue Service   | 1   | 2  | 3  |
| Financial institution "Altum"   | 1   | 2  | 3  |
| National Employment Agency  | 1   | 2  | 3  |
| The Financial and Capital Market Commission                             | 1   | 2  | 3  |
| Insolvency Control Service  | 1   | 2  | 3  |
| Employer  | 1   | 2  | 3  |
| Social Department   | 1   | 2  | 3  |
| Credit institution (banks)  | 1   | 2  | 3  |
| Non-bank lender ("payday loans")  | 1   | 2  | 3  |
| Local government  | 1   | 2  | 3  |
| Unified State and Local Government Customer<br>Service Centre (USLGCSC) | 1   | 2  | 3  |
| Educational establishments  | 1   | 2  | 3  |
| Internet browsers (such as Google, Yahoo, etc.)                         | 1   | 2  | 3  |
| Mass media  | 1   | 2  | 3  |
| Social networks (Facebook, Instagram, LinkedIn, etc)                    | 1   | 2  | 3  |
| www.latvija.lv  | 1   | 2  | 3  |
| European Consumer Centre  | 1   | 2  | 3  |
| Consumer Rights and Protection Centre                                   | 1   | 2  | 3  |
| Non - governmental consumer associations                                | 1   | 2  | 3  |
| Merchants or service providers  | 1   | 2  | 3  |
| Friends / acquaintances / relatives                                     | 1   | 2  | 3  |
| A financial consultant, an accountant I personally<br>know              | 1   | 2  | 3  |
| A lawyer I personally know  | 1   | 2  | 3  |

Difficult to tell/NA

#### Q.15. What would you do if you were in financial distress? MULTIPLE ANSWERS POSSIBLE

*Explanation:* **Financial distress** means such circumstances, in which a person has defaulted on or has difficulty making certain payments (e.g., mortgage or rent payments, utility or credit card bills, etc.) and is unable to settle these obligations with the existing income or savings.

1. I would start negotiations with creditors in time seeking to restructure my liabilities (changing deadlines, requesting credit holidays)
2. I would do nothing until the creditor (s) approaches me
4. I would use borrowings from non-bank creditors ("payday loans")
5. I would use the services of a pawnshop
6. I would borrow money from friends/acquaintances
7. I would search for a job with a higher salary
8. I would ask for a salary raise
9. I would search for an additional job
10. I would rely on luck in gambling
11. I would apply for insolvency proceedings of a natural person

12. I would seek the help of a financial advisor
13. I would sell assets (e.g., real estate, car) to settle the debt
14. I would reduce monthly spending to a minimum (“belt-tightening”)
15. I would apply for a debt relief for a natural person
16. Other option SPECIFY \_\_\_\_\_

---

I wouldn't do anything .....99

**Q.16. What would be easier for you to get information about the options of available support \* for individuals in financial distress? MARK THE RELEVANT ANSWERS**

Explanation: **\*Financial distress** means such circumstances, in which a person has defaulted on or has difficulty making certain payments (e.g., mortgage or rent payments, utility or credit card bills, etc.) and is unable to settle these obligations with the existing income or savings.

|  |   |
|--|---|
| Information in a printed form (e.g., in a booklet, leaflet or letter) by post                          | 1 |
| Information in an email sent centrally to the whole population (e.g., EDS)                             | 2 |
| An SMS message about the available information sent to the phone                                       | 3 |
| Internet news portals (Tvnet, Delfi, LSM, Apollo, etc.)  | 4 |
| Invitation to face-to-face or online information events  |   |
| Ability to get private counselling by sending an email and receiving a personalised response via email | 5 |
| An opportunity to get private counselling by phone   | 6 |
| An opportunity to get private counselling in a face-to-face visit to the consultant                    | 7 |
| On social networks (Facebook, Instagram, etc.)   | 8 |
| Other SPECIFY  | 9 |

**Q.17. What social networks do you use?**

MULTIPLE ANSWERS POSSIBLE

|               |   |
|---------------|---|
| Facebook      | 1 |
| Instagram     | 2 |
| LinkedIn      | 3 |
| TikTok        | 4 |
| Draugiem.lv   | 5 |
| Twitter       | 6 |
| Other SPECIFY | 7 |

**Q.23. How do you rate your level of awareness of the issues related to \* managing of financial distress by individuals?**

MARK ONLY ONE ANSWER!

Explanation: **\*Financial distress** means such circumstances, in which a person has defaulted on or has difficulty making certain payments (e.g., mortgage or rent payments, utility or credit card bills, etc.) and is unable to settle these obligations with the existing income or savings.

|                          |   |
|--------------------------|---|
| Sufficient               | 1 |
| Rather sufficient        | 2 |
| Rather insufficient      | 3 |
| Insufficient             | 4 |
| Difficult to answer / NA | 8 |

|  |  |   |
|--|--|---|
| <b>Q.18. What support would you need to better manage your financial distress?</b> | Information and advice on how to manage financial distress | 1 |
| MULTIPLE ANSWERS POSSIBLE  | Training   | 2 |
|  | Budget planning and control tool                           | 3 |
|  | Consultations with a lawyer or financial specialist        | 4 |
|  | Other SPECIFY _____  | 5 |

**Q.19. Which financial planning questions would you like to have more information on? MARK THE RELEVANT ANSWERS**

1. How to apply effective financial planning principles in your daily life?
2. How to use different budgeting and control tools?
3. How is a credit rating determined and how can I influence it?
4. How do I negotiate with banks and non-bank lenders?
5. How to deal with various legal issues (need for legal advice)?
6. How does the process of insolvency of a person manifest itself?
7. Other SPECIFY \_\_\_\_\_
8. I do not need additional information

|  |                          |   |
|--|--------------------------|---|
| <b>Q.20. Public administration authorities are considering setting up a common website containing information and recommendations on how to manage financial distress. To what extent do you support such an initiative?</b><br><br>ONE ANSWER | Fully support it         | 1 |
|  | Rather support it        | 2 |
|  | Rather do not support it | 3 |
|  | Do not support it at all | 4 |
|  | Difficult to answer/ NA  | 8 |

**DEMOGRAPHICS**

**D.1. Gender** Male...1 Female...2 **D.2. Age** \_\_\_\_\_ years

**D.3. Your education** Primary, unfinished secondary education.....1  
 Secondary general, secondary vocational, unfinished higher education .....2  
 Higher education.....3

|  |   |   |
|--|---|---|
| <b>D.4. Are you currently working?</b> | <b>D.4.1. You said you were unemployed right now.</b> |   |
|  | <b>What is your employment status?</b>                |   |
| YES ..... 1                            | A retired person, disabled person.....                | 1 |
| NO ..... 2                             | A stay-at-home parent, on parental leave .....        | 3 |
|  | Unemployed, temporarily not working .....             | 4 |
|  | School pupil, student .....                           | 5 |

**D.4.2. In which industry are you currently working?**

|  |   |
|--|---|
| Manager – Entrepreneurs/business owners in the private sector, senior or middle-level management (in the public or private sector) ..... | 1 |
| Senior specialist .....  | 2 |
| Specialist .....   | 3 |
| Service providers .....  | 4 |

|   |   |
|---|---|
| Service and sales staff .....                             | 5 |
| Skilled agricultural, forestry, and fishing workers ..... | 6 |
| Skilled workers and craftsmen .....                       | 7 |
| Plant and machine operators and product installers .....  | 8 |
| Simple professions, unskilled workers .....               | 9 |

**D.5. What is the main source of your household income? One answer**

|  |   |
|--|---|
| Salary   | 1 |
| Personal or business income  | 2 |
| Benefits, other disbursements from the State                                     | 3 |
| Old-age pension  | 4 |
| Money transfers from family members (living in another household)                | 5 |
| Money transfers from someone outside your household (maintenance payments, etc.) | 6 |
| Other  | 7 |
| <i>Don't know/ Refuse to answer</i>  | 8 |

|   |                 |                 |               |
|---|-----------------|-----------------|---------------|
| <b>D.6. Language spoken in your family?</b> | Latvian ..... 1 | Russian ..... 2 | Other ..... 3 |
|---|-----------------|-----------------|---------------|

**D.7. Is the Internet available to you?**

- 1 Yes, at home
- 2 Yes, at work
- 3 Yes, both at home and at work
- 4 Not available at home or at work

**D.8. How often do you use the Internet?**

- 1 = daily/ almost daily
- 2 = a few times a week
- 2 = about 1x a week
- 3 = a few times a month
- 4 = rarely
- 5= Does not use

**D.9. How many people (including you) live in your household** (with whom you share a household)?

WRITE IT DOWN \_\_\_\_\_

**D.10. How many children under the age of 16** (excluding) live in your household?

WRITE IT DOWN \_\_\_\_\_

|  |                                |
|--|--------------------------------|
| <b>D.11. What was the average income per member of your household in the previous month?</b> The respondent must add up the real income of all members of the household and divide the amount by the number of family members. | _____ EUR<br>per family member |
|--|--------------------------------|

|   |                 |
|---|-----------------|
| <b>D.12. In which region of Latvia do you live?</b> | Riga.....1      |
|   | Near Riga.....2 |
|   | Vidzeme.....3   |
|   | Zemgale.....4   |
|   | Kurzeme.....5   |

|  |               |   |
|--|---------------|---|
|  | Latgale ..... | 6 |
|--|---------------|---|

|                                |  |   |
|--------------------------------|--|---|
| <b>D.13. Type of location:</b> | Riga .....                               | 1 |
|                                | Other city .....                         | 2 |
|                                | Small village, hamlet, countryside ..... | 3 |

## Survey questionnaire for SMEs and entrepreneurs

### Q 0.1. Which entrepreneur group do you belong to? MARK ONLY ONE ANSWER!

#### Entrepreneurs

1. Individual merchants
2. Sole traders
3. Individual (family) enterprises, agricultural/ fishing farms, and rural craft enterprises/farmsteads

#### Small and medium-sized enterprises

4. Limited liability company
  - 4.1. Social enterprise
  - 4.2. Payer of micro-enterprise tax
  - 4.3. Limited liability company with a small share capital
5. Joint-stock company
6. General partnership
7. Limited partnership
8. Cooperatives

|   |   |   |
|---|---|---|
| <b>Q 0.2. In which region does your company operate?</b><br><br>MULTIPLE ANSWERS POSSIBLE | Riga .....                                  | 1 |
|   | Near Riga .....                             | 2 |
|   | Vidzeme .....                               | 3 |
|   | Zemgale .....                               | 4 |
|   | Kurzeme .....                               | 5 |
|   | Latgale.....                                | 6 |
|   | All Latvia.....                             | 7 |
|   | In another EU Member State (s) .....        | 8 |
|   | In other countries/countries outside the EU | 9 |

|   |  |                |
|---|--|----------------|
| <b>Q2. In the last five years, have you searched for any information that could help entrepreneurs and the self-employed to manage financial distress?</b><br>MARK ONLY ONE ANSWER! | Yes .....                                | 1 => Q3-Q.7.   |
|   | No .....                                 | 2 => GO TO Q10 |
|   | Difficult to answer/ NA .8 => GO TO Q10. |                |

|   |  |    |
|---|--|----|
| <b>Q3. What sources of information have you used in the last five years to identify and address financial distress for entrepreneurs/ self-employed?</b><br>MULTIPLE ANSWERS POSSIBLE | - Printed media  | 1  |
|   | - Television   | 2  |
|   | - Radio  | 3  |
|   | - Internet news portals  | 4  |
|   | - Social networks (Facebook, Instagram, LinkedIn, TikTok, Draugiem.lv) | 5  |
|   | - Websites of public authorities                                       | 6  |
|   | - Websites of local governments and their institutions                 | 7  |
|   | - Internet browser (Google, Yahoo, Bing, etc.)                         | 8  |
|   | - www.latvija.lv   | 9  |
|   | - Booklets and other printed information materials                     | 10 |
|   | - Personal visit or telephone consultation at public institutions      | 11 |
|   | - Personal visit or telephone consultation in the municipality         | 12 |
|   | - In commercial banks  | 13 |
|   | - From non-bank lenders (payday loan providers)                        | 14 |
|   | - Business angels  | 15 |
|   | - Private investors  | 16 |
|   | - Foreign resources  | 17 |
|   | - Professional associations/industry associations                      | 18 |
|   | - A friend/acquaintance  | 19 |
|   | - A financial advisor I personally know                                | 20 |
|   | - A lawyer I personally know   | 21 |
|   | - Educational establishments   | 22 |

|  |                       |
|--|-----------------------|
|  | - Other SPECIFY _____ |
|--|-----------------------|

**Q4. Information provided by which institutions (organisations) have you used in the last five years to address financial distress by entrepreneurs/ self-employed persons? MARK THE RELEVANT ANSWERS IN COLUMN Q4.**

**Q5. Information provided by which institutions (organisations) was the most useful information during the last five years to identify and address financial distress? ONE ANSWER. MARK IN THE COLUMN Q5.**

|  | Q4. | Q5. |
|--|-----|-----|
| Latvian Investment and Development Agency                            | 1   | 1   |
| Ministry of Finance  | 2   | 2   |
| Ministry of Justice  | 3   | 3   |
| Ministry of Economics  | 4   | 4   |
| State Revenue Service  | 5   | 5   |
| Financial institution "Altum"  | 6   | 6   |
| National Employment Agency   | 7   | 7   |
| The Financial and Capital Market Commission                          | 8   | 8   |
| Insolvency Control Service   | 9   | 9   |
| Rural Support Service  | 10  | 10  |
| Latvian Rural Consultation and Education Centre                      | 11  | 11  |
| Latvian Chamber of Commerce and Industry                             | 12  | 12  |
| Industry professional association                                    | 13  | 13  |
| Credit institution (banks)   | 14  | 14  |
| Non-bank lender ("payday loans")                                     | 15  | 15  |
| A seller who offers to buy a product on hire purchase terms          | 16  | 16  |
| Local governments  | 17  | 17  |
| Educational establishments   | 18  | 18  |
| Unified State and Local Government Customer Service Centre (USLGCSC) | 19  | 19  |
| State Construction Control Bureau                                    | 20  | 20  |
| State Social Insurance Agency  | 21  | 21  |
| Other SPECIFY _____  | 22  | 22  |
| None/ has not sought help to lessen financial distress               | 99  | 99  |

Q6.-Q7. ASK ABOUT THE AUTHORITY/ ORGANISATION NAMED IN Q5

**Q6. Please explain why.... (THE ORGANISATION NAMED IN Q5) the information provided was most useful to you?**

WROTE DOWN \_\_\_\_\_

ASK ALL

**Q8. What was your last experience when you searched for information from institutions about support for entrepreneurs to lessen financial distress? MARK ONE ANSWER ONLY**

1. I found the necessary information without any particular problems
2. I had to search the various websites of different institutions, but in the end, I found it myself without help
3. I could not find the information on my own, so I called the institution and received advice
4. I found some information, but incomplete, and did not continue my search
5. I couldn't find the information, but I didn't continue searching
6. Other: WRITE IT DOWN \_\_\_\_\_

Difficult to answer/ NA....

8



|  |   |
|--|---|
|  | A company employee - FD, accountant, etc.<br>.....<br>3<br>Provider of an outsourced serving - accountant, financial consultant, etc.<br>.....<br>4<br>Nobody tracks it daily, we only review it when a need arises<br>.....<br>5<br>NA ..... 8 |
|--|---|

|  |   |
|--|---|
| <b>Q16. How do you rate your knowledge of corporate financial management?</b><br><br>MARK ONLY ONE ANSWER! | Sufficient<br>.....<br>1<br>Rather sufficient<br>.....<br>2<br>Rather insufficient<br>.....<br>3<br>Insufficient<br>.....<br>4<br>Difficult to answer/ NA<br>.....<br>8 |
|--|---|

**Q17. Which questions about corporate financial management would you like to have more information on? MARK THE RELEVANT ANSWERS**

1. How to address various legal matters (when you need legal advice)?
2. How to address various financial and accounting matters (when you need financial and accounting consultations)?
3. How to negotiate with creditors and debtors in case of financial distress?
4. How to optimise costs?
5. What operational actions should be taken to minimise the impact of various adverse factors on the company's operations?
6. How to ensure business continuity/ develop a business continuity plan?
7. How to create cooperation with creditors and suppliers in a cost-effective way?
8. How to use early warning tools to predict financial distress in a timely manner?
9. How to properly assess the risks to positive cash flow, liquidity, and equity?
10. How is my company's credit rating determined and can I change it?
11. How to draft a legal protection plan?
12. How to evaluate export opportunities?
13. How to find international counterparties?
14. Other: SPECIFY \_\_\_\_\_

Q18 THIS IS A QUESTION ONLY TO SMALL AND MEDIUM-SIZED ENTERPRISES (CODES 4-8 Q0.1)

**Q18. What would you do if you were in financial distress? MULTIPLE ANSWERS POSSIBLE**

I would apply for State support

.....  
1

I would try to negotiate with suppliers and creditors aiming to revise payment deadlines

.....  
2

- I would try to raise new working capital  
.....  
3
- I would change suppliers to do business  
.....  
4
- I would apply for insolvency proceedings  
.....  
5
- I would transfer the company's assets to a newly founded company  
.....  
6
- I would apply to the court for instigating legal protection proceedings  
.....  
7
- I would liquidate the company  
.....  
8
- I would formally transfer the business to another person  
.....  
9
- Other: SPECIFY \_\_\_\_\_  
.....  
10

|   |                               |   |
|---|-------------------------------|---|
| <b>Q19. How do you rate your level of awareness of issues related to addressing <u>financial distress in business</u>?</b><br><br>MARK ONLY ONE ANSWER! | Sufficient.....               | 1 |
|   | Rather sufficient .....       | 2 |
|   | Rather insufficient .....     | 3 |
|   | Insufficient .....            | 4 |
|   | Difficult to answer / NA..... | 8 |

**Q20. What do you think are the most pressing problems for entrepreneurs in financial distress when it is necessary to receive information to address financial distress?**

MARK THE RELEVANT ANSWERS

- No information is available on addressing financial distress.....  
1
- Information on identifying and managing financial distress is unclear  
.....  
2
- Information is scattered in various places, on websites  
.....  
3
- Support is provided only in very specific cases  
.....  
4
- It is difficult to draw up documents and applications for various support measures  
.....  
5
- Credit institutions underrate the company's solvency and do not issue loans  
.....  
6
- Additional collateral is required - guarantees, pledges, etc.  
.....  
7
- Co-financing is required from the entrepreneur himself  
.....  
8

Start-ups are not supported, so financial distress occurs at an early stage

9

Start-ups are not supported, so financial difficulties occur at an early stage

9

The company's financial distress also affects the personal financial position, and it is not clear how to deal with it

10

Other: SPECIFY \_\_\_\_\_

11

**Q.20.1. What causes leading to financial distress have you encountered while running a business?**

A rapid decline in revenue

(e.g., loss of key customers, high sensitivity to economic downturns, etc.)

1

Problems with debtors (invoices outstanding)

2

An increase in fixed costs

3

Unbudgeted costs incurred

(e.g., litigation, fines, uninsured accidents / abuse, etc.)

4

Additional pressure from changes in legislation/ industry regulation

5

Existing tax liabilities or increase in tax burden

6

Loss of resources (e.g., employees, suppliers) necessary for successful business operation

7

Other SPECIFY \_\_\_\_\_

8

**Q.21. A. Imagine that your company is in financial distress. Who would you turn to or search for information about getting help from the State or another source? Who or where would you turn to first? MARK ONE ANSWER IN COLUMN Q.21.A.**

**Q.21.B. And whom to or where would you turn to next? MARK ONE ANSWER IN COLUMN Q.21B.**

**Q.21.C. And whom else or where else would you turn to? MARK ALL OTHER SOURCES IN COLUMN Q.21C.**

|  | Q.21A.<br>I would turn<br>to as the<br>FIRST<br>SOURCE | Q.21.B<br>I would turn<br>as the<br>SECOND<br>SOURCE | Q.21.C<br>OTHER<br>sources I<br>would turn to |
|--|--|--|---|
| Latvian Investment and Development Agency                            | 1  | 2  | 3   |
| Ministry of Finance  | 1  | 2  | 3   |
| Ministry of Justice  | 1  | 2  | 3   |
| Ministry of Economics  | 1  | 2  | 3   |
| State Revenue Service  | 1  | 2  | 3   |
| Financial institution "Altum"  | 1  | 2  | 3   |
| National Employment Agency   | 1  | 2  | 3   |
| The Financial and Capital Market Commission                          | 1  | 2  | 3   |
| Insolvency Control Service   | 1  | 2  | 3   |
| Rural Support Service  | 1  | 2  | 3   |
| Latvian Rural Consultation and Education Centre                      | 1  | 2  | 3   |
| Latvian Chamber of Commerce and Industry                             | 1  | 2  | 3   |
| Professional Associations / Industry Association                     | 1  | 2  | 3   |
| Credit institutions (banks)  | 1  | 2  | 3   |
| Non-bank lender  | 1  | 2  | 3   |
| Local government   | 1  | 2  | 3   |
| Latvian Investment and Development Agency                            | 1  | 2  | 3   |
| Educational establishments   | 1  | 2  | 3   |
| Unified State and Local Government Customer Service Centre (USLGCSC) | 1  | 2  | 3   |
| Educational establishments   | 1  | 2  | 3   |
| Internet browsers (such as Google, Yahoo, etc.)                      | 1  | 2  | 3   |
| Mass media   | 1  | 2  | 3   |
| Social networks (Facebook, Instagram, LinkedIn, etc)                 | 1  | 2  | 3   |
| www.latvija.lv   | 1  | 2  | 3   |
| Business angels  | 1  | 2  | 3   |
| Private investors  | 1  | 2  | 3   |
| Foreign resources  | 1  | 2  | 3   |
| Friends/ acquaintances   | 1  | 2  | 3   |
| A financial advisor I personally know                                | 1  | 2  | 3   |
| A lawyer I personally know   | 1  | 2  | 3   |
| Other: SPECIFY _____   | 1  | 2  | 3   |

**Q22. How would you find it more convenient to get information about the available support options for managing financial distress? MARK THE RELEVANT ANSWERS**

- Information in a printed form (e.g., in a booklet, leaflet or letter) by post  
.....  
1
- Information in an email sent centrally to all companies (e.g., EDS)  
.....  
2
- An SMS message about the available information is sent to the phone  
.....  
3

- Internet news portals (Tvnet, Delfi, LSM, Apollo, etc.)  
.....  
4
  - Invitation to face-to-face or online information events  
.....  
5
  - Possibility to get private counselling by sending an email and receiving a personalised response via email  
.....  
6
  - Possibility to get private counselling by phone  
.....  
7
  - Possibility to get private counselling in a face-to-face visit to the consultant  
.....  
8
  - Through a professional/ industry association  
.....  
9
  - On social networks (Facebook, Instagram, etc.) => ASK Q23..... 10
  - A common website with information on the solutions offered by various institutions and organisations  
.....  
11
- Other: SPECIFY \_\_\_\_\_

12

|  |                                   |
|--|-----------------------------------|
| <b>Q22.1. What social networks have you used to obtain information on identifying and managing financial distress for entrepreneurs/ self-employed?</b><br><br>MULTIPLE ANSWERS POSSIBLE | Facebook<br>.....                 |
|  | 1<br>Instagram<br>.....           |
|  | 2<br>LinkedIn<br>.....            |
|  | 3<br>TikTok<br>.....              |
|  | 4<br>Draugiem.lv<br>.....         |
|  | 5<br>Twitter<br>.....             |
|  | 6<br>Other SPECIFY _____<br>..... |
| 7  |                                   |

|  |                      |
|--|----------------------|
| <b>Q.23. How useful do you think it would be to create a common website with information on the solutions offered by various institutions and organisations to minimise financial distress for entrepreneurs?</b><br><b>Do you think that would be..</b><br><b>MARK ONLY ONE ANSWER!</b> | Very useful<br>..... |
|  | 1<br>Useful<br>..... |
|  | 2                    |

|  |   |
|--|---|
|  | Not particularly useful<br>.....<br>3<br><u>Not useful</u><br>.....<br>4<br>Difficult to answer/ NA<br>.....<br>8 |
|--|---|

|  |   |
|--|---|
| <b>Q24. When it comes to digital skills, can you...</b><br>MULTIPLE ANSWERS POSSIBLE | get the information you need online?<br>.....<br>1                            |
|  | take basic measures to protect devices and data?<br>.....<br>2                |
|  | use various online services?<br>.....<br>3                                    |
|  | create digital content?<br>.....<br>4   |
|  | find help if you have a technical problem or solve it yourself?<br>.....<br>5 |
|  | understand the use of licences and copyrights?<br>.....<br>6                  |
|  | Nothing of the above<br>.....<br>7  |

**Q.25. In your opinion, what are the main reasons why entrepreneurs tend to have insufficient knowledge of corporate financial management? NO MORE THAN 3 ANSWERS**

- Accounting is too complicated for small businesses, it requires too specific knowledge
- When the operating business has to be organised intensively, there is no time for financial due diligence
- It is not possible to acquire the necessary knowledge on financial management issues for free
- There is no specific training for micro and small entrepreneurs
- There are no self-assessment tools to find out what one does not know
- No money to hire a financial manager or consultant
- Other answer. Specify: \_\_\_\_\_

|  |  |
|--|--|
| <b>Q.26. What do you think, how likely is it that you will face serious financial distress in your business in the next five years?</b><br>MARK ONLY ONE ANSWER! | Very likely<br>.....<br>1  |
|  | Quite likely<br>.....<br>2                                       |
|  | Rather unlikely<br>.....<br>3<br><u>Impossible</u><br>.....<br>4 |

|  |  |
|--|--|
|  | Difficult to answer / NA<br>.....<br>8 |
|--|--|

**Q.27. Perhaps you have any recommendations/ suggestions on how the availability of information among entrepreneurs on the possibilities to timely address and receive support in cases of financial distress can be improved?**

WRITE DOWN \_\_\_\_\_

**DEMOGRAPHICS**

**D1. Gender**                      Male...1                      Female...2                      **D2. Age**                      \_\_\_\_\_ years

|                           |  |
|---------------------------|--|
| <b>D3. Your education</b> | Primary, unfinished secondary education.....1  |
|                           | Secondary general education, secondary vocational, incomplete higher education<br>.....2 |
|                           | Higher education.....3   |

|   |   |
|---|---|
| <b>D4. What is your main language of communication?</b> | Latvian ..... 1    Russian ..... 2    Other ..... 3 |
|---|---|

|  |                                    |  |   |                                |
|--|------------------------------------|--|---|--------------------------------|
| <b>D5. Is the Internet available to you?</b> | 1 Yes, at home                     |  | <b>D6. How often do you use the Internet?</b> | 1 = daily / almost daily       |
|  | 2 Yes, at work                     |  |   | 2 = a few times a week         |
|  | 3 Yes, both at home and at work    |  |   | 2 = about <i>once a week</i>   |
|  | 4 Not available at home or at work |  |   | 3 = <i>a few times a month</i> |
|  |                                    |  |   | 4 = Rarely                     |
|  |                                    |  |   | 5= Do not use                  |

|   |  |
|---|--|
| <b>FOR COMPANIES</b>  |  |
| <b>D5. What was the range of your company's turnover last year?</b><br>ONE ANSWER | Up to EUR 40,000<br>.....<br>1<br>EUR 40,001 – 100,000<br>.....<br>2<br>EUR 100,001 – 1,000,000<br>.....<br>3<br>EUR 1,000,001 – 10,000,000<br>.....<br>4<br>EUR 10,000,001 – 50,000,000<br>.....<br>5 |

|   |  |
|---|--|
| <b>FOR THE SELF-EMPLOYED:</b>   |  |
| <b>D5.1. Which of the following three income groups do you qualify for as a self-employed person?</b><br>ONE ANSWER | Annual income does not reach EUR 50<br>.....<br>1<br>Monthly income from the business is below the minimum wage (EUR 500)<br>.....<br>2<br>Monthly income from business exceeds the amount of the minimum wage (more than EUR 500)<br>.....<br>3 |

# Annex 7. Results of sociological study

## Results for consumers

### METHODOLOGICAL INFORMATION

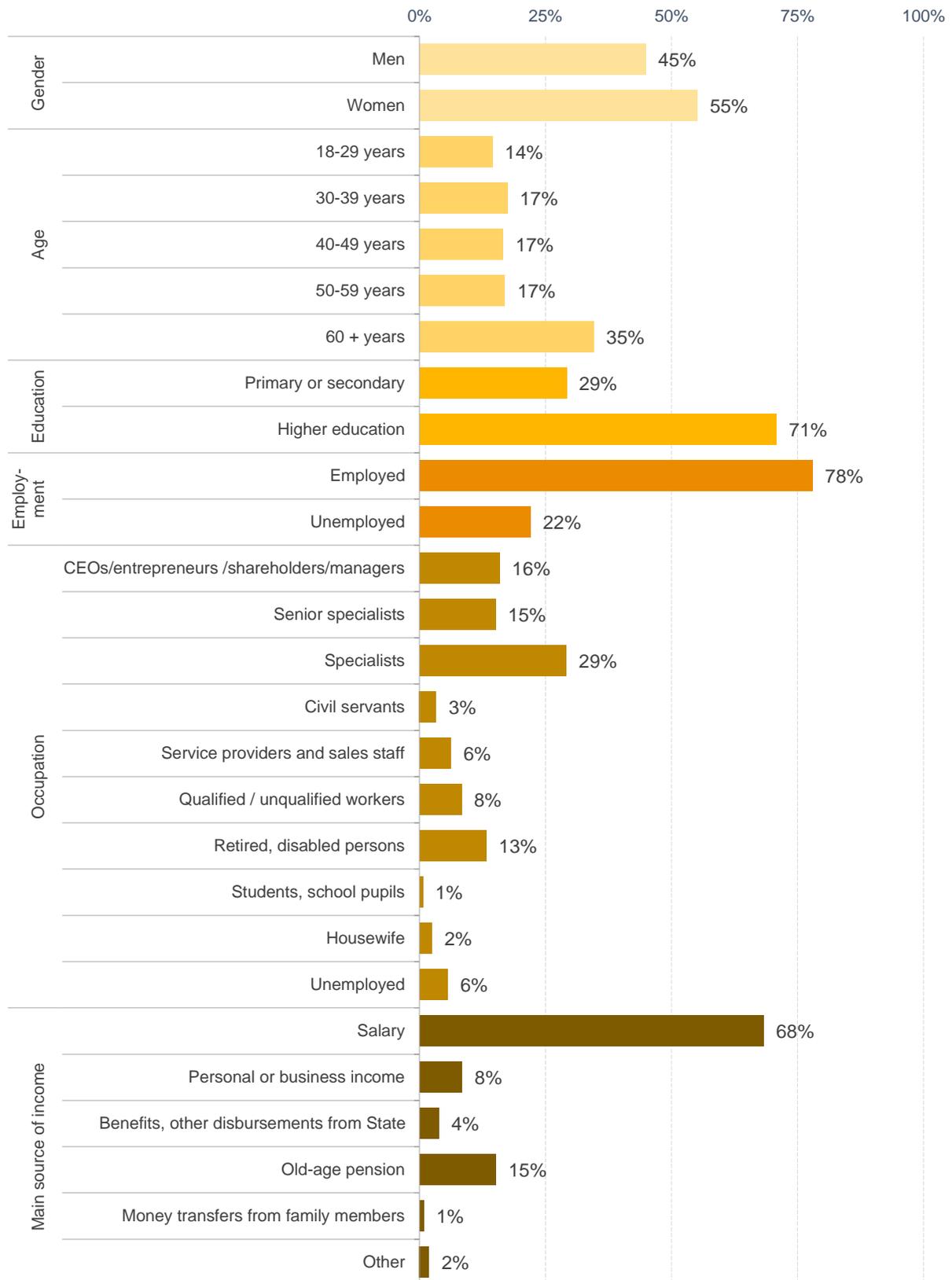
|  |   |
|--|---|
| <b>Purpose of the study:</b>           | The study aims to understand the habits of the population in managing household expenses and to formulate an opinion on the causes and solutions of financial distress, as well as to find out the preferred communication channels and sources of information when seeking solutions in case of financial distress.  |
|  | The study is carried out in accordance with the project of the Ministry of Justice "Development of Information Sources for Identifying and Addressing Financial Distress". It is financed by the Structural Reform Support Fund. The study is carried out in cooperation with the European Commission and the European Bank for Restructuring and Development   |
| <b>Target group:</b>                   | Latvian population aged over 18   |
| <b>Data acquisition method:</b>        | <ul style="list-style-type: none"> <li>- Telephone interviews (CATI) with the selected respondents and an online questionnaire sent to be filled into the email address provided by the respondent,</li> <li>- Each respondent who chose to fill in the questionnaire online was sent a unique link to the survey questionnaire, which could be filled in only by one respondent, only once. Other respondents were interviewed by phone</li> </ul> |
| <b>Sample size achieved:</b>           | 1,041 respondents   |
| <b>Sampling requirements:</b>          | A representative sample of the Latvian population   |
| <b>Sample characteristics:</b>         | Random digit dialling - a random selection of telephone numbers from random number combinations   |
| <b>Phone number database:</b>          | A computer-generated database of 8-digit telephone numbers based on the principle of random numbers, using the principles of random sampling in the selection of respondents  |
| <b>Number of contacts per number:</b>  | 5 attempts  |
| <b>Piloting of questionnaires</b>      | 10 respondents who filled in the questionnaire in their mother tongue (5 in Latvian as their mother tongue and 5 in Russian as their mother tongue)   |
| <b>Information acquisition period:</b> | The survey took place from 25 January 2022 to 8 February 2022   |
| <b>Resources involved:</b>             | 12 interviewers, 3 supervisors of interviewers, 2 project managers and data quality supervisors   |
| <b>Standards met:</b>                  | The survey was organised and conducted in accordance with the ESOMAR Code and Standards for Market and Social Research  |

Description of contacts made:

To reach the total sample of **respondents**, a total of **9,368** telephone numbers were contacted, of which:

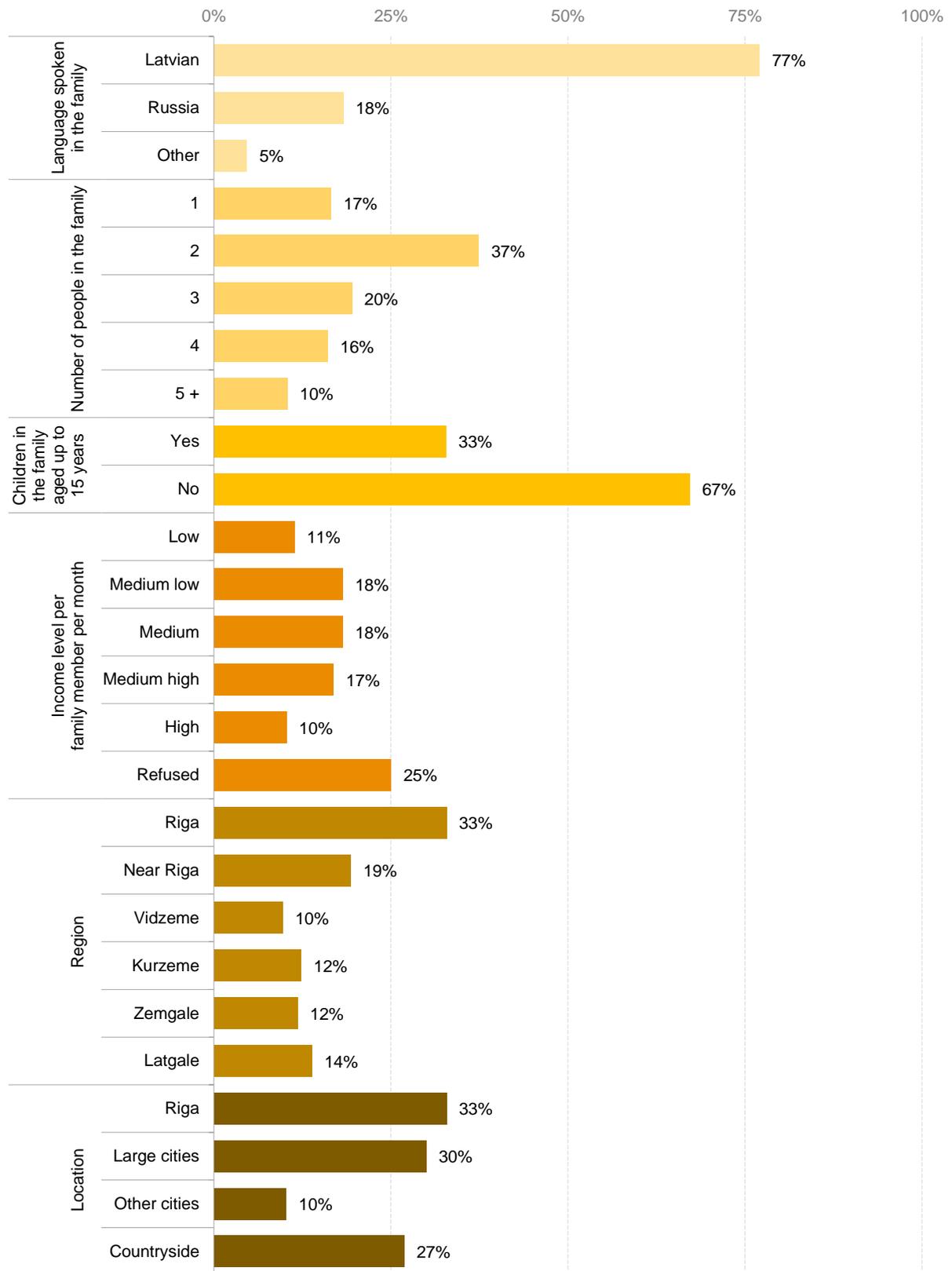
|   |   |              |
|---|---|--------------|
| Total number of active phone numbers contacted                              |   | <b>9,374</b> |
| 1   | Number of phone numbers contacted but unsuccessfully (numbers to which 5 contact attempts were made, but which were engaged or did not pick up) | <b>5,498</b> |
| 2   | Refused/ not willing to participate   | <b>2,343</b> |
| 3   | The link to the questionnaire was sent, but the questionnaire was not completed   | <b>492</b>   |
| 4   | Questionnaires filled in completely   | <b>1,041</b> |
| <b>Response (%) from successful contact attempts: [4] / [2] + [3] + [4]</b> |   | <b>27%</b>   |

Figure 1. Breakdown of the study sample I



(Base = all participants of the survey; n=1041)

Figure 2. Breakdown of the study sample II



(Base = all participants of the survey; n=1041)

**TABLE OF STATISTICAL ERROR OF THE STUDY RESULTS**  
**(95% probability)**

| Distribution of answers % | Number of respondents (base)<br>N = |      |     |     |     |     |     |     |     |     |      |      |      |      |      |
|---------------------------|-------------------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|------|------|------|------|------|
|                           | 50                                  | 100  | 150 | 200 | 300 | 350 | 400 | 500 | 600 | 800 | 1000 | 1100 | 1200 | 1500 | 2000 |
| 2 or 98                   | 4.0                                 | 2.8  | 2.3 | 2.0 | 1.6 | 1.5 | 1.4 | 1.3 | 1.1 | 1.0 | 0.9  | 0.8  | 0.8  | 0.7  | 0.6  |
| 4 or 96                   | 5.6                                 | 3.9  | 3.2 | 2.8 | 2.3 | 2.1 | 2.0 | 1.8 | 1.6 | 1.4 | 1.3  | 1.2  | 1.1  | 1.0  | 0.9  |
| 6 or 94                   | 6.8                                 | 4.8  | 3.9 | 3.4 | 2.8 | 2.5 | 2.4 | 2.1 | 2.0 | 1.7 | 1.5  | 1.4  | 1.4  | 1.2  | 1.0  |
| 8 or 92                   | 7.7                                 | 5.4  | 4.4 | 3.8 | 3.1 | 2.8 | 2.7 | 2.4 | 2.2 | 1.9 | 1.7  | 1.6  | 1.6  | 1.4  | 1.2  |
| 10 or 90                  | 8.5                                 | 6.0  | 4.9 | 4.3 | 3.5 | 3.1 | 3.0 | 2.7 | 2.5 | 2.1 | 1.9  | 1.8  | 1.7  | 1.5  | 1.3  |
| 12 or 88                  | 9.2                                 | 6.5  | 5.3 | 4.6 | 3.8 | 3.4 | 3.3 | 2.9 | 2.7 | 2.3 | 2.1  | 1.9  | 1.9  | 1.6  | 1.4  |
| 15 or 85                  | 10.1                                | 7.1  | 5.9 | 5.1 | 4.1 | 3.7 | 3.6 | 3.2 | 2.9 | 2.5 | 2.3  | 2.1  | 2.1  | 1.8  | 1.6  |
| 20 or 80                  | 11.4                                | 8.0  | 6.6 | 5.7 | 4.6 | 4.2 | 4.0 | 3.6 | 3.3 | 2.8 | 2.5  | 2.4  | 2.3  | 2.0  | 1.8  |
| 25 or 75                  | 12.3                                | 8.7  | 7.1 | 6.1 | 5.0 | 4.5 | 4.3 | 3.9 | 3.6 | 3.0 | 2.8  | 2.6  | 2.5  | 2.2  | 1.9  |
| 30 or 70                  | 13.0                                | 9.2  | 7.5 | 6.5 | 5.3 | 4.8 | 4.6 | 4.1 | 3.8 | 3.2 | 2.9  | 2.7  | 2.6  | 2.3  | 2.0  |
| 35 or 65                  | 13.5                                | 9.5  | 7.8 | 6.8 | 5.5 | 5.0 | 4.8 | 4.3 | 3.9 | 3.3 | 3.1  | 2.8  | 2.8  | 2.4  | 2.1  |
| 40 or 60                  | 13.9                                | 9.8  | 8.0 | 7.0 | 5.7 | 5.1 | 4.9 | 4.4 | 4.0 | 3.4 | 3.1  | 2.9  | 2.8  | 2.5  | 2.2  |
| 45 or 55                  | 14.1                                | 9.9  | 8.1 | 7.0 | 5.8 | 5.2 | 5.0 | 4.5 | 4.1 | 3.5 | 3.2  | 2.9  | 2.9  | 2.5  | 2.2  |
| 50 or 50                  | 14.2                                | 10.0 | 8.2 | 7.1 | 5.8 | 5.2 | 5.0 | 4.5 | 4.1 | 3.5 | 3.2  | 3.0  | 2.9  | 2.5  | 2.2  |

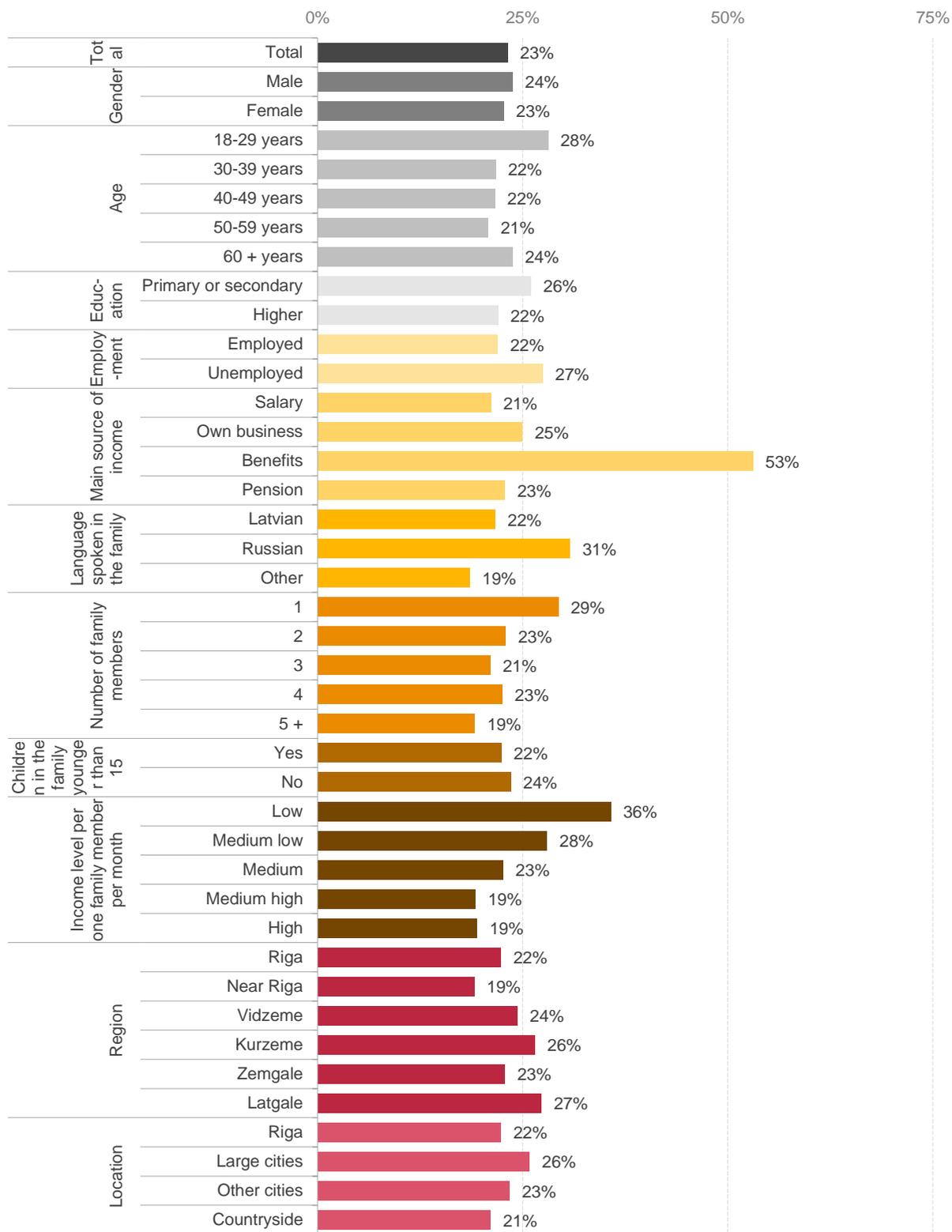
**When using the table for determining the statistical error of the study results, N = 1000 must be taken as the basis for the total sample.**

The accuracy range of the results with a 95% probability is calculated, using the following formula:

$$\text{Accuracy range} = \pm 1,96 \sqrt{\frac{\pi(100 - \pi)}{n}}$$

$\pi$  = distribution of answers in percent %; n = number of respondents

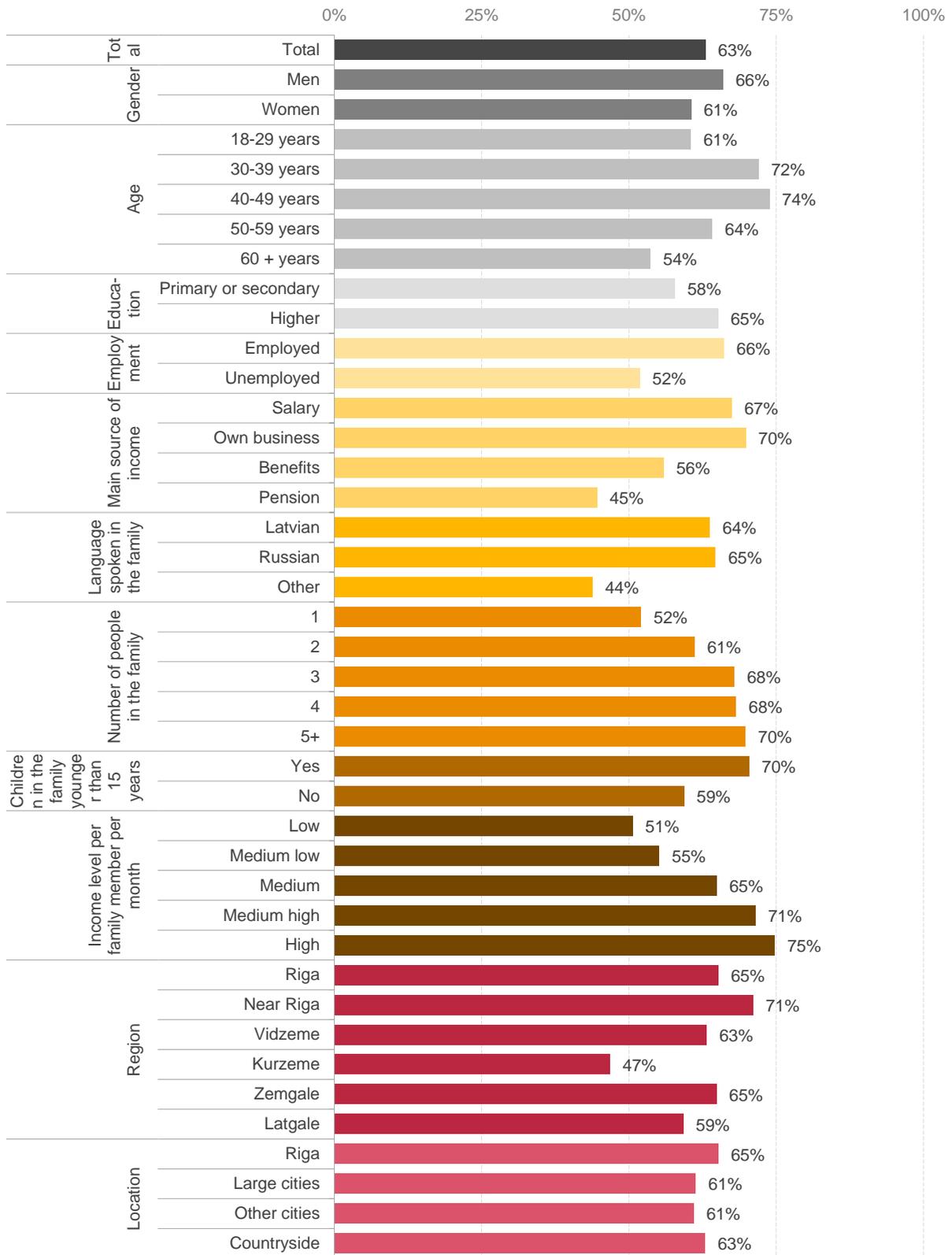
Figure 3. Respondents who have searched for information that could be useful to individuals in financial distress



(Base = all participants of the survey; n=1041)

Figure 4. What would you do if you found yourself in financial distress?

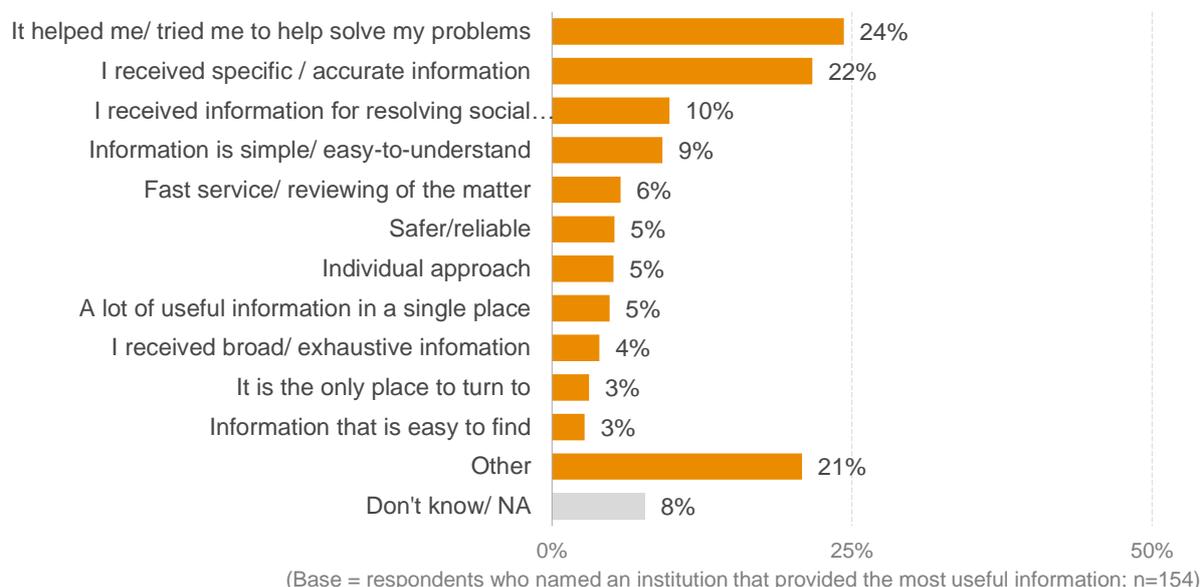
**I would start timely negotiations with my creditors aiming to restructure liabilities (extending deadlines, applying for credit holidays)**



(Base = all participants of the survey; n=1041)

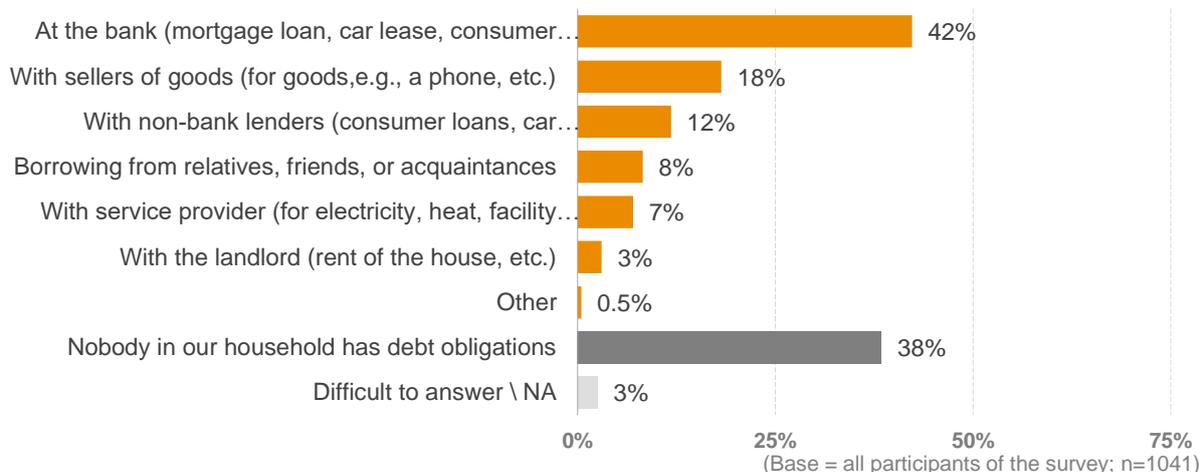
Sample - respondents who have searched for any information that could be useful for individuals in financial distress.

Figure 5. The survey question: **“Please explain why... (THE NAME OF THE ORGANISATION) was most useful to you in practice?”<sup>2</sup>**



Sample - respondents who have not searched for any information that might be useful for individuals in financial distress. The survey question:

Figure 6. **“What debt obligations do you or a member of your household currently have?”**



“Other” mentioned (in the graph) - I would look for an additional job; CRPC; Merchants or service providers; SRS; The specific service provider where the debt had arisen; Social networks (Facebook, Instagram, LinkedIn, etc.); Non-bank lender (“payday loans”); European Consumer Information Centre; SEA; VPVKAC; MoJ; FCMC.

<sup>2</sup> Summary of results for all the named institutions/ organisations

The survey question: **“Please explain why... (THE NAME OF THE ORGANISATION) was most useful to you in practice?”**

Less common answers and comments:

- It provided practical recommendations on drawing up documents;
- It was possible to submit documents/ receive an answer remotely;
- It secured the opening of insolvency proceedings;
- It developed an appropriate payment plan;
- The latest statistics and legal framework are available;
- Appropriate interest rates were applied;
- I found out from the bank that mortgage loan insurance exists, which I also take advantage of. I found out that the banks also offer a loan holiday or a temporary deferment of principal.
- I got information on how a person can obtain low-income status and what assistance they can receive;
- My relative who was unable to communicate with the authorities, who could not use the Internet, and who lacked social skills needed the help.
- You can get a lot of information through this website. It is possible to access the SRS website, submit applications to public authorities, etc.
- It was explained in detail how to get out of a situation where one should search for money to address financial distress.
- I found out everything in detail: where to go, what to do, what documents were required, what are the consequences of various actions or omissions in the bankruptcy application/procedure.
- The most qualified professionals are “closest” to the legislators and practically involved in the decision to grant or limit support. Consequently, the official opinion of the State can be obtained to address the problem.
- Exhaustive information was always provided, and contacts with other structural units/institutions are provided depending on the competence.
- It is located closer, and the municipality has a better understanding of the specific situation.
- The schoolteacher was aware of what my family was entitled to because I had not previously been informed about discounts and bonuses for large families.
- I needed help and got it. It just needs to be considered that you will get the full support if you contact a manager or a higher official.
- I approached the Social Service because we could no longer pay the rent for the apartment, we rented due to a lack of money. The Social Service advised us on what to do and which family shelter to turn to have a roof over our heads.
- The information was practically useful to get the care service.
- It was easier to contact (by calling) and get an answer to the question without having to search the legislation to obtain the necessary information.
- It is easier to find what you need, but when you ask a specific question through the search engine google.lv, the answer is a reference to the relevant section of www.latvija.lv.
- I had to find out what documents were required to obtain the status of a low-income or needy person.
- I got practical information about the firewood allowance.
- I obtained information about in what cases and with what help a person in financial distress could get from the municipality.
- I got an answer about how much loan I can get and on what terms.
- Information was provided on what types of social assistance were available and what documents were required to get social assistance.
- The information sought was related to GMI and was interested in the solutions offered by each municipality.
- It was less bureaucratic, the person in charge is a specific person rather than the system, less time-consuming.
- It offered guarantees for loans - housing assistance, the “Balsts” programme, study and student loans, etc.

Results for the most frequently mentioned institutions/organisations.

31 (13%) of respondents, identified the **Social Service**, as the institution that provided the most useful information to help individuals resolve financial distress. This was substantiated as follows:

- I received specific/accurate information (mentioned by 8 respondents (27%));
- I received information on resolving social issues (benefits, etc.) (8 respondents);
- It helped resolve/ tried to help resolve my problems (6 respondents);
- Information was simple/ easy to understand (3 respondents);
- Fast service/problem solving;
- It was safer/ more reliable;
- I received practical advice on drafting documents;
- Information was provided on how a person could be granted low-income status and what help he or she could receive;
- My relative who was unable to communicate with the authorities, who could not use the Internet, and who lacked social skills needed help;
- The most qualified professionals are “closest” to the legislators and practically involved in the decision to grant or limit support. Consequently, the official opinion of the State can be obtained to resolve the problem;
- I needed help and received it. It should be taken into account, however, that you will get full support if you contact a manager or a higher level officer;
- I approached the Social Service because we could no longer pay the rent for the apartment we rented due to a lack of money. The Social Service gave advice on what to do and which family shelter to turn to have a roof over our heads;
- The information was practically useful to get the care service;
- It was easier to contact (call) and get an answer to the question without having to search for the necessary information in the legislation;
- I had to find out what documents were required to obtain the status of a low-income or needy person;
- I got practical information about firewood benefits;
- I got information on what types of social assistance were available and what documents had to be prepared for receiving social assistance.

18 (7%) of respondents mentioned **credit institutions or banks** as the organisation that provided the most useful information on support for addressing financial distress for individuals. This was substantiated as follows:

- Helped resolve/ tried to help resolve my problems (7 respondents (40%));
- I received specific/ accurate information (4 respondents);
- Safer/ more reliable (2 respondents);
- Acceptable interest rates were applied;
- I received extensive/ exhaustive information;
- The only ones we could turn to;
- I found out at the bank that there is mortgage payment insurance, which I also use. I found out that banks also offer a loan holiday or deferment of the loan amount;
- Provides information on resolving social issues (benefits, etc.);
- Simple/easy-to-understand information.

17 (7%) of respondents mentioned the **portal [www.latvija.lv](http://www.latvija.lv)** as the organisation that provided the most useful information on support for managing financial distress for individuals. This was substantiated as follows:

- Lots of useful information in one place (6 respondents (36%));
- Easy-to-find information (3 respondents);
- I received specific/accurate information (3 respondents);
- Safer/ more reliable (2 respondents);
- Possibility to submit documents/ receive an answer remotely (2 respondents);

- You can get a variety of information through this website. It is possible to access the SRS website, submit applications to public authorities, etc.;
- It is easier to find what you need, but when you ask a specific question through the search engine google.lv, the answer is a reference to the relevant section of www.latvija.lv;
- They helped resolved/ tried to help resolve my problems;
- Provided information on resolving social issues (benefits, etc.).

17 (7%) of respondents mentioned the **local government** as the institution that provided the most useful information on support for addressing financial distress for individuals. This was substantiated as follows:

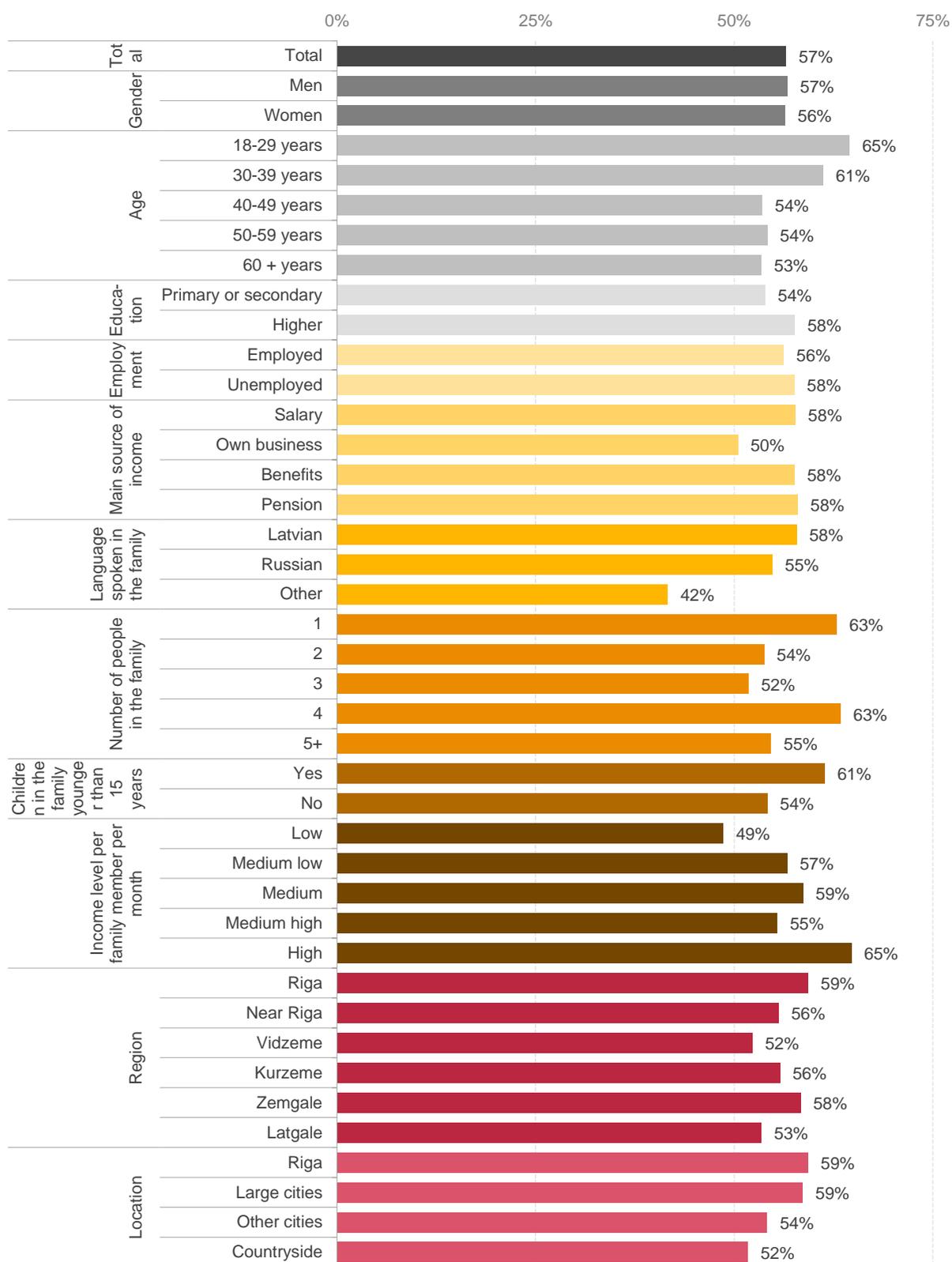
- I received specific/accurate information (mentioned 4 respondents or 23%);
- Helped/tried to help resolve my problems (4 respondents);
- Individual approach (3 respondents);
- Prompt service / issue resolution (3 respondents);
- I received extensive / exhaustive information (2 respondents);
- Provides information on social issues (benefits, etc.) (2 respondents);
- Comprehensive information is always provided, and contacts with other structural units/institutions are ensured depending on the competence;
- The municipality is closer and has a better understanding of the specific situation;
- I received information about in what cases and with what help a person with financial difficulties in the community can be supported;
- The information I was looking for was about GMI, and I was interested in the solutions offered by each municipality;
- Small bureaucracy, responsible for a specific person and not for a system, less time consuming;
- Provides information on solving social issues (benefits, etc.).

14 (6%) of respondents identified **the State Revenue Service** as the institution that provides the most useful information to assist individuals in managing financial distress. This was justified as follows:

- Safer/ reliable (mentioned 2 respondents);
- Helped resolve/tried to help solve my problems (2 respondents);
- I received extensive / exhaustive information (2 respondents);
- Provides information on social issues (benefits, etc.) (2 respondents);
- Simple/ easy to understand information (2 respondents);
- It was explained in detail how to get out of a situation and where to search for money to overcome financial distress;
- Provided practical advice on drafting documents;
- Lots of useful information in one place;
- I received specific/accurate information.

Figure 7. What would you do now if you were in financial distress?

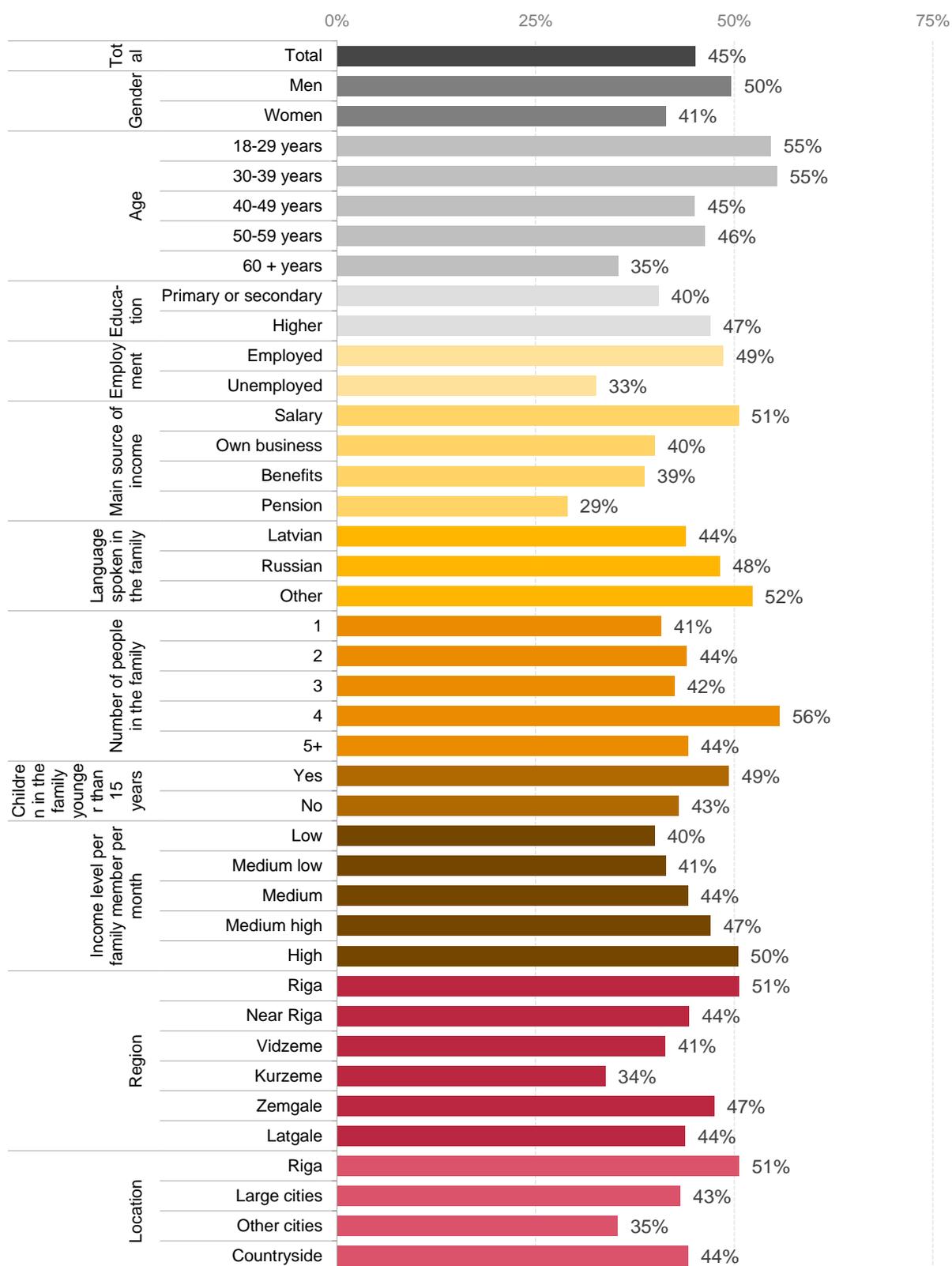
Reduce monthly spending to the minimum - "belt-tightening"



(Base = all participants of the survey; n=1041)

Figure 8. What would you do now if you were in financial distress?

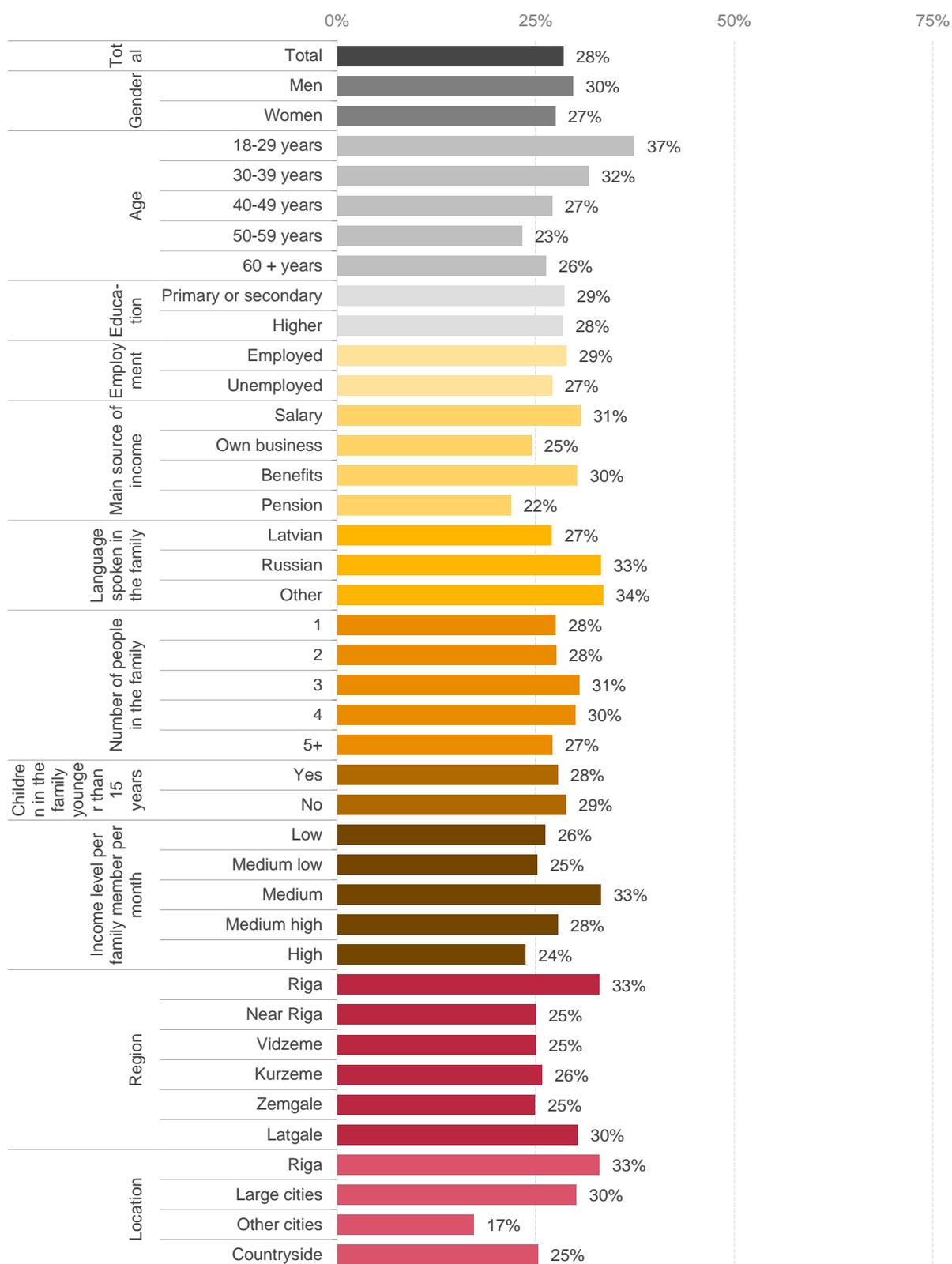
**I would look for an additional job**



(Base = all participants of the survey; n=1041)

Figure 9. What would you do if you were in financial distress?

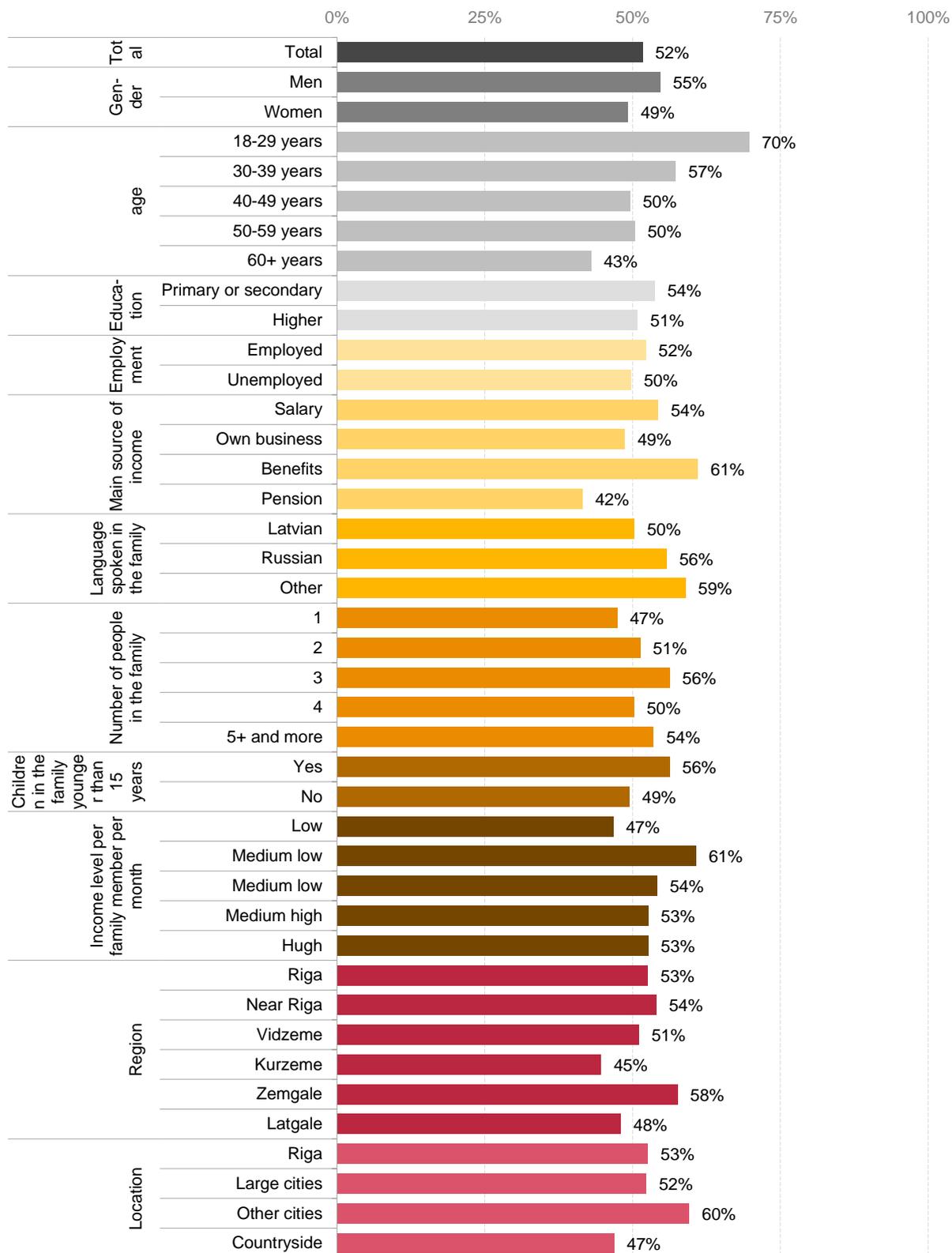
**I would borrow money from friends\ acquaintances**



(Base = all participants of the survey; n=1041)

Figure 10. What is the best way for you to receive information about support options for addressing financial distress?

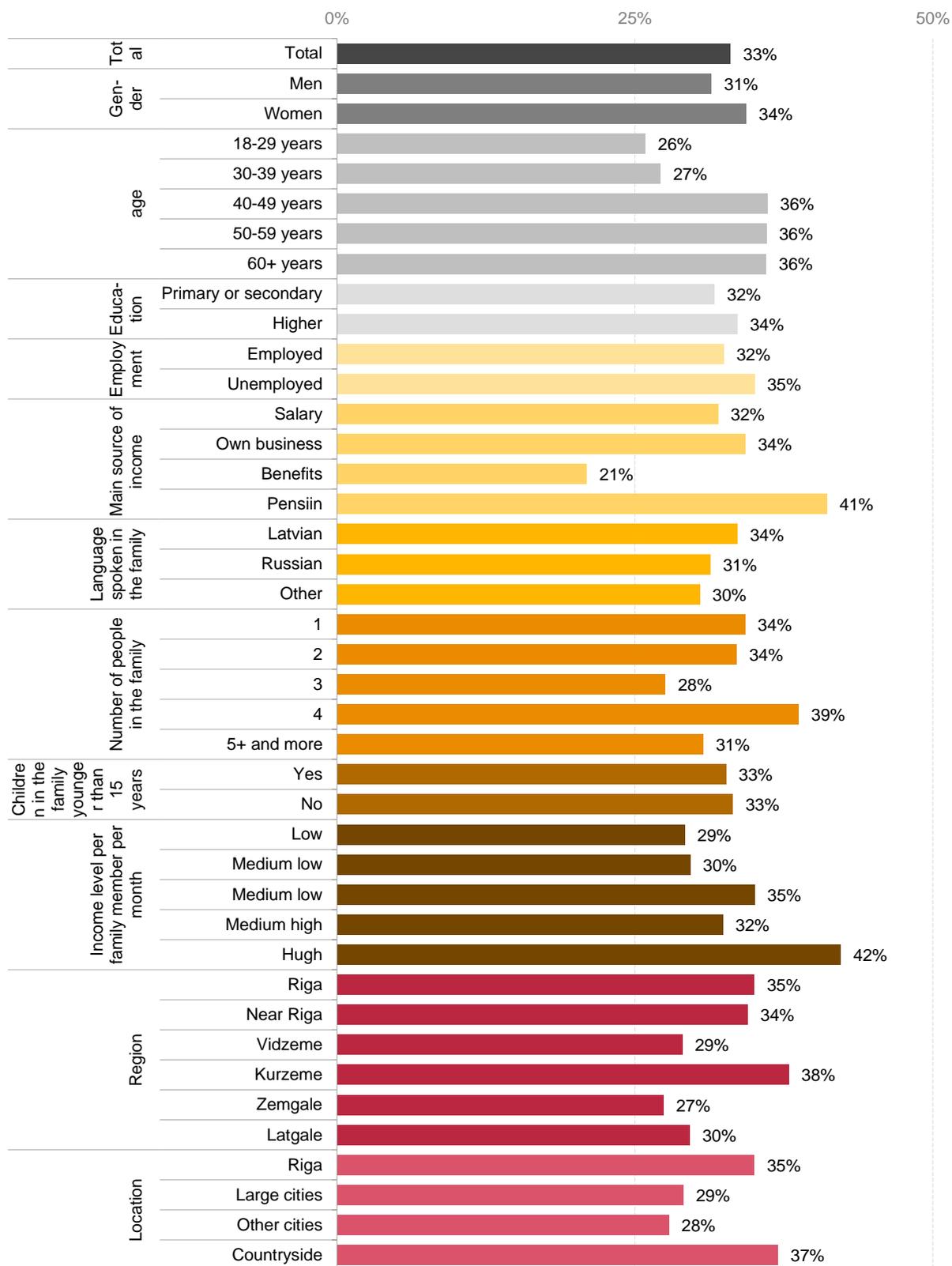
Information in an email that is sent centrally to all people (e.g. EDS)



(Base = all participants of the survey; n=1041)

Figure 11. What is the best way for you to receive information about support options for addressing financial distress?

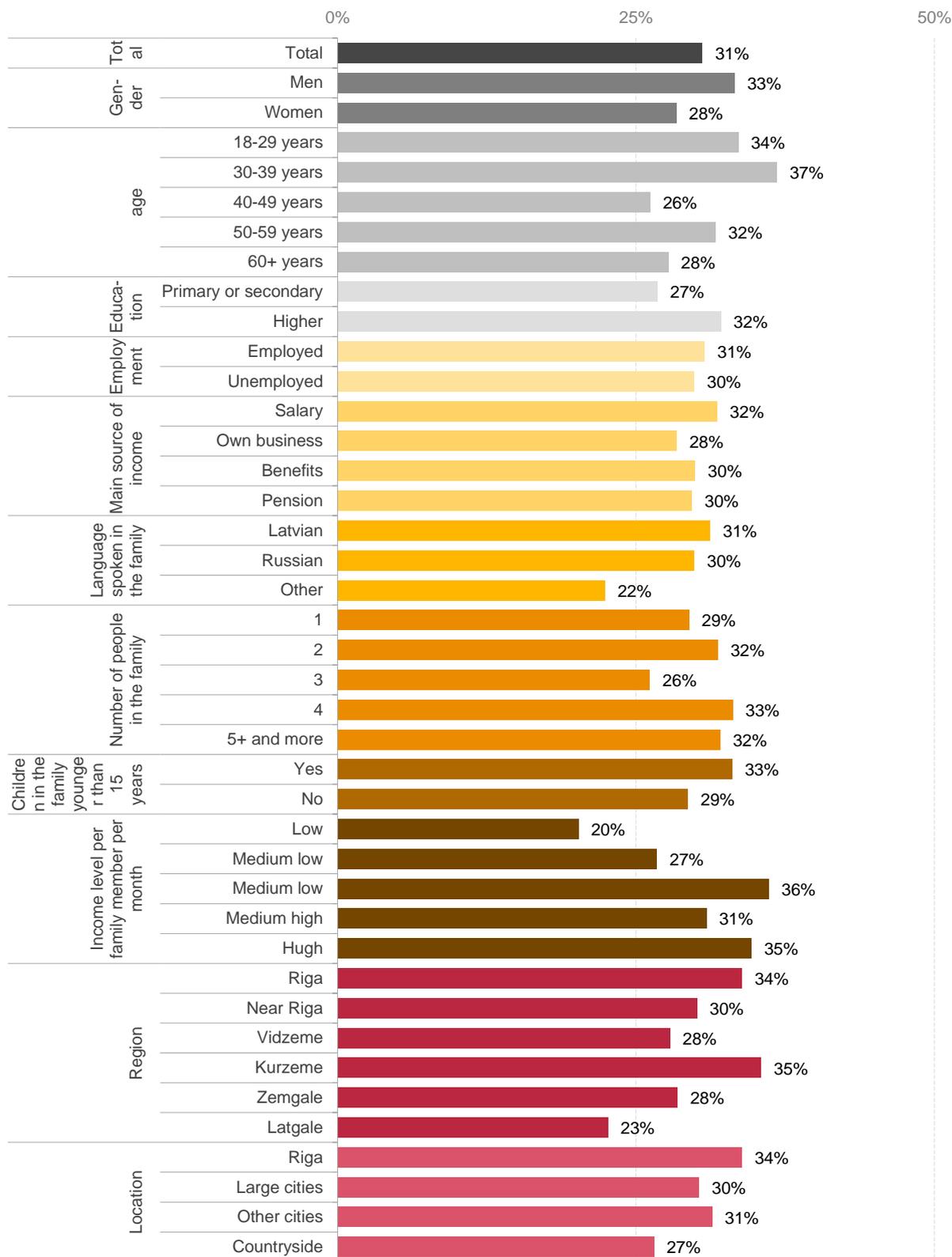
Possibility to get private counselling in a face-to-face visit to the consultant



(Base = all participants of the survey; n=1041)

Figure 12. What is the best way for you to receive information about support options for addressing financial distress?

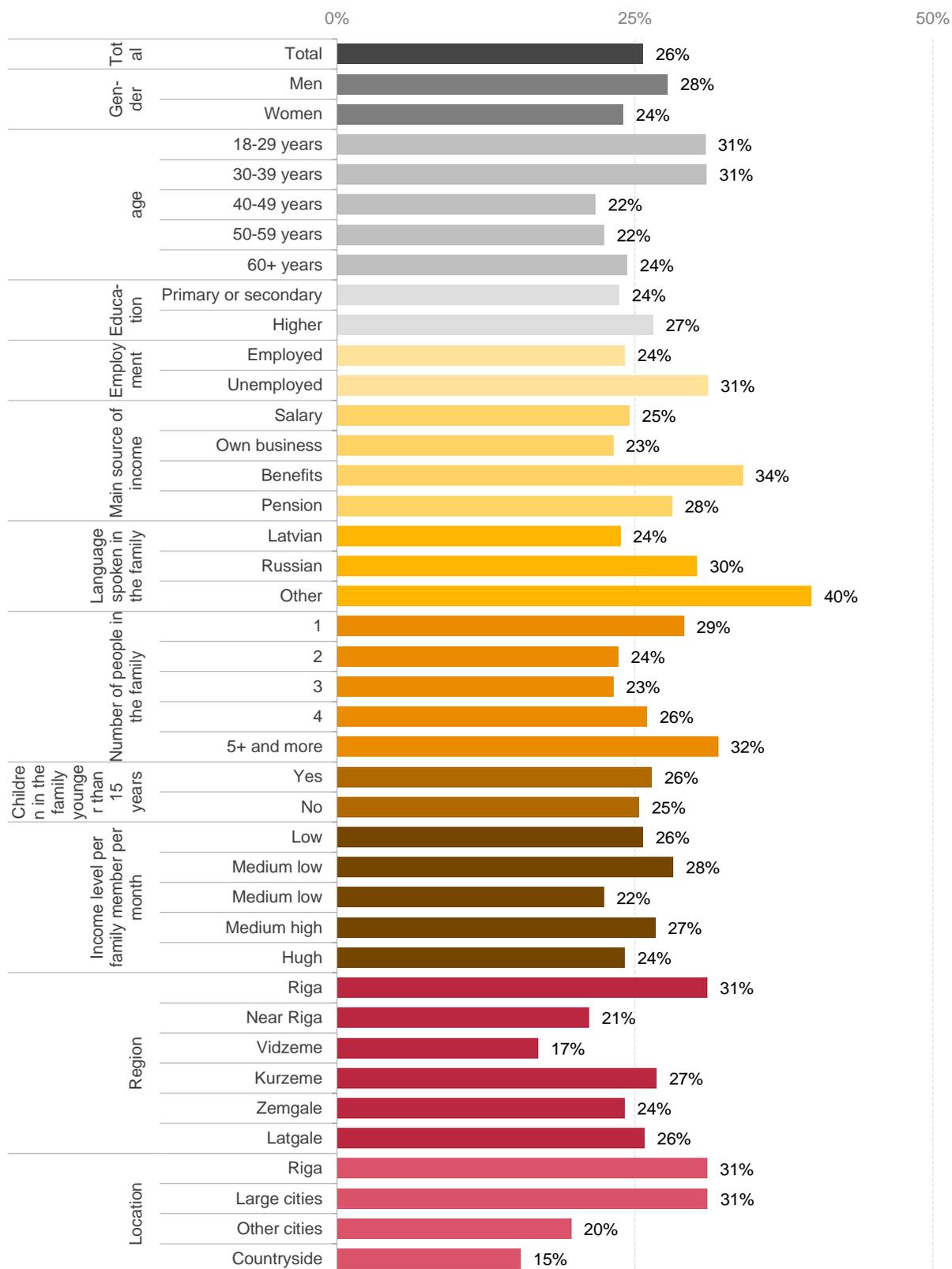
**Possibility to get private counselling by sending an email and receiving a personalised response via email**



(Base = all participants of the survey; n=1041)

Figure 13. What is the best way for you to receive information about support options for addressing financial distress?

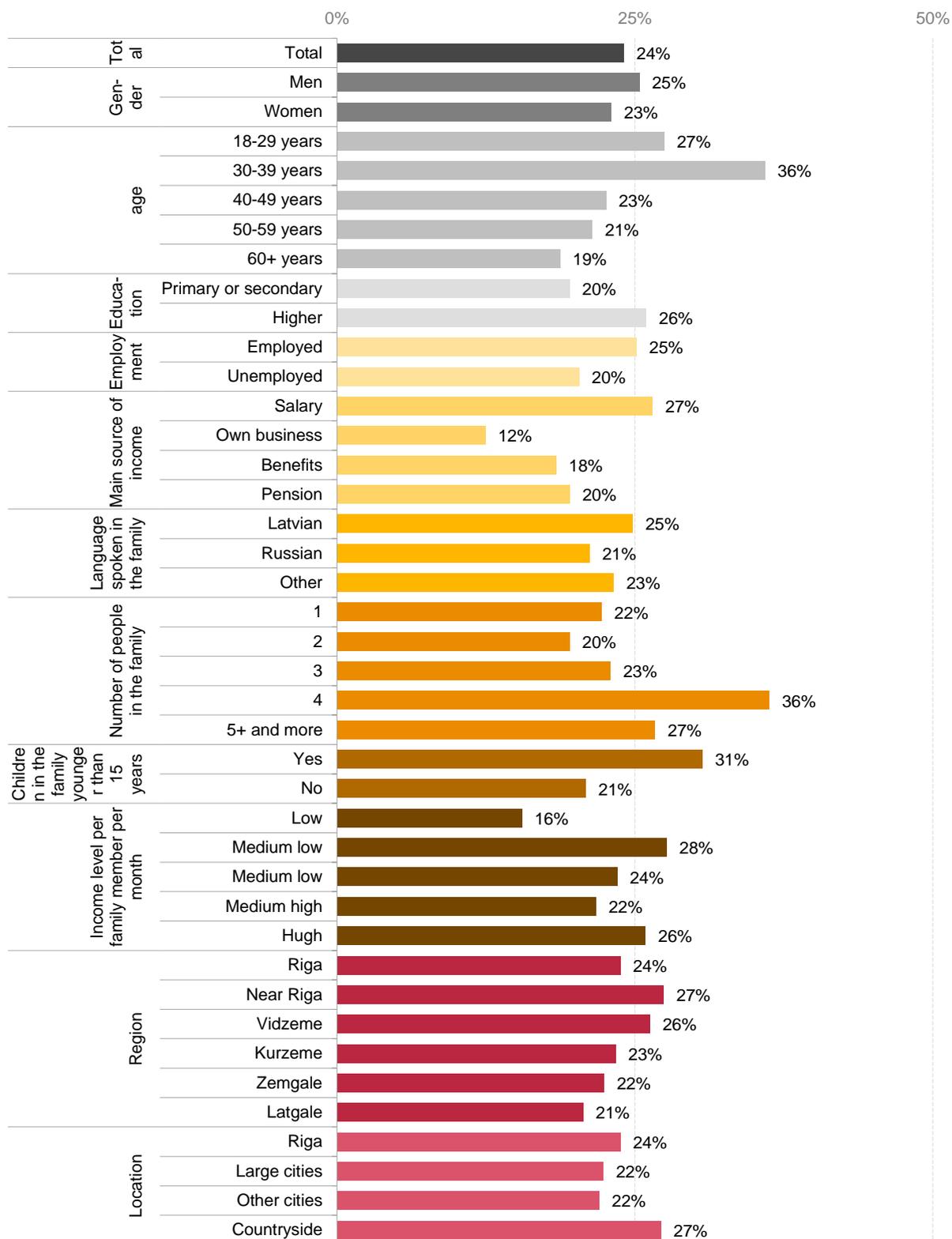
Internet news portals (Tvnet, Delfi, LSM, Apollo, etc.)



(Base = all participants of the survey; n=1041)

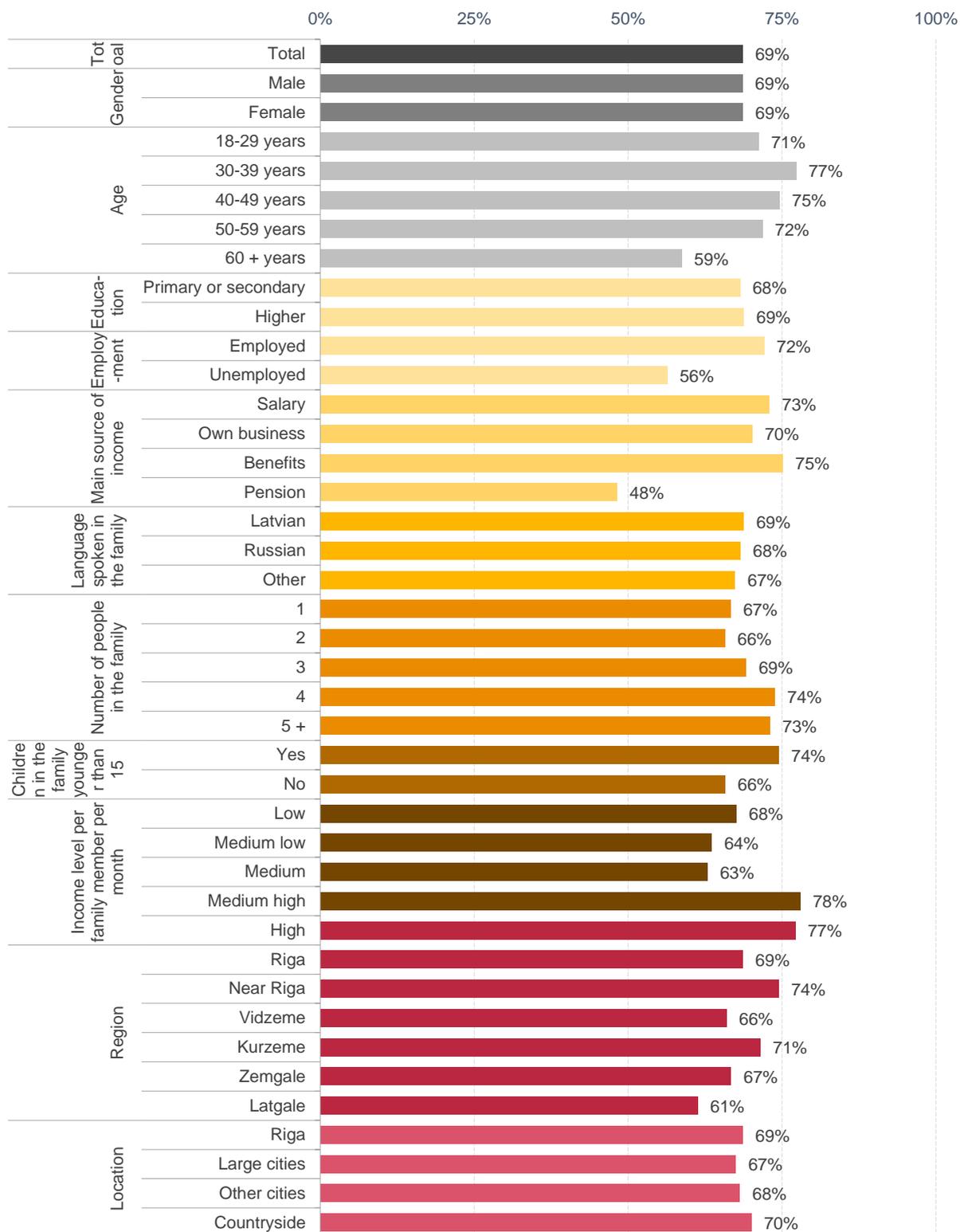
Figure 14. What is the best way for you to receive information about support options for addressing financial distress?

Possibility to get private counselling by phone



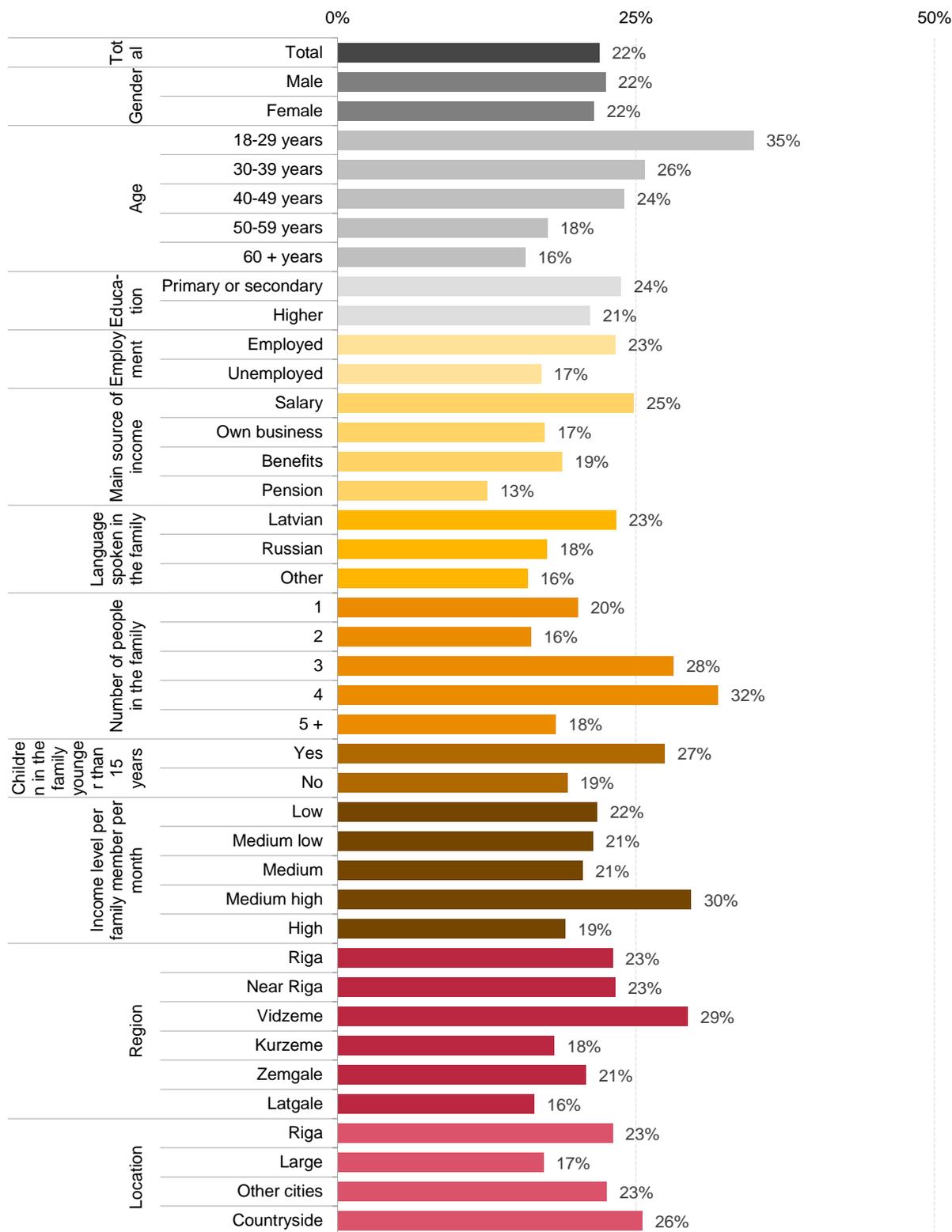
(Base = all participants of the survey; n=1041)

Figure 15. Have you ever borrowed money from a bank or non-bank lender (“payday loans”)?



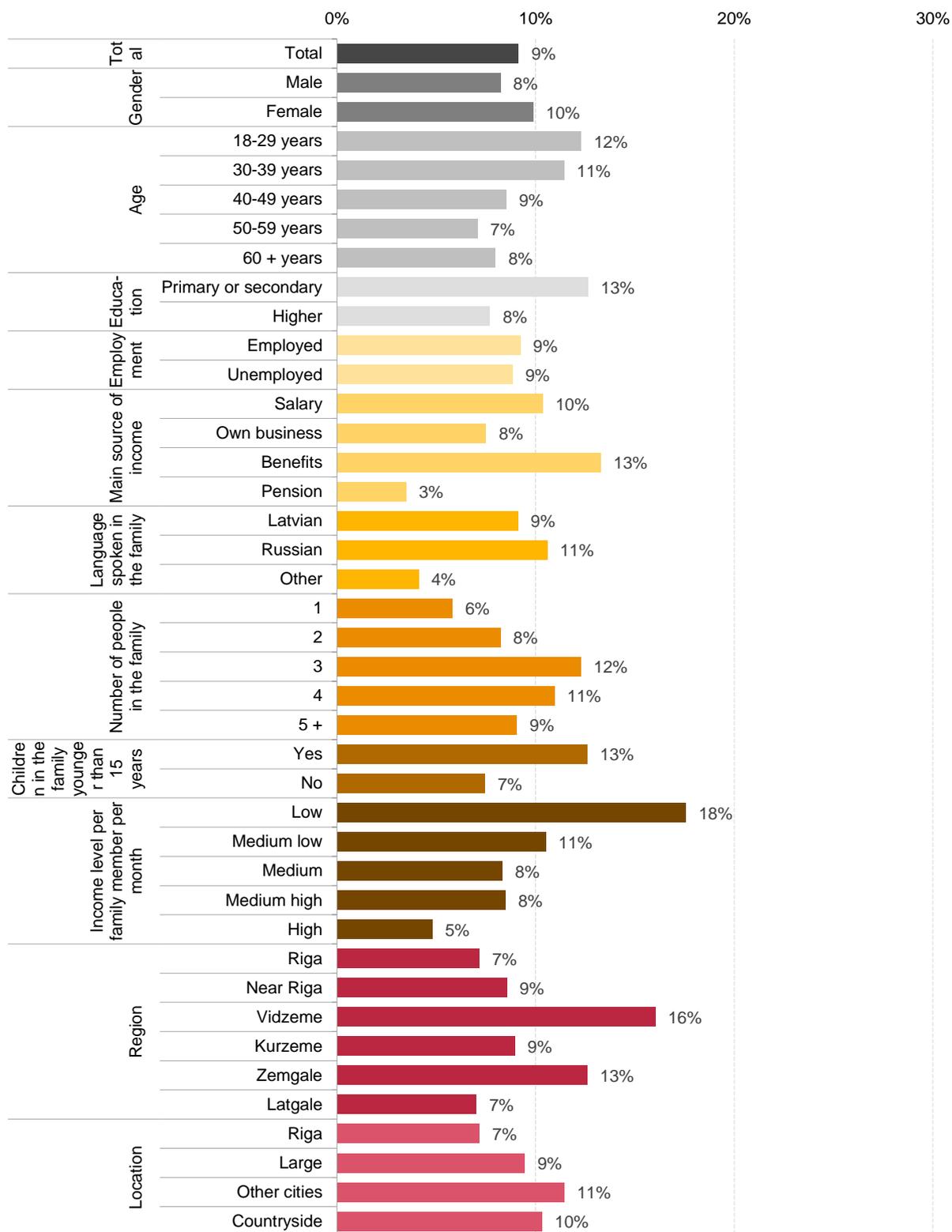
(Base = all participants of the survey; n=1041)

Figure 16. The respondent has borrowed a loan without fully familiarising themselves with the terms thereof



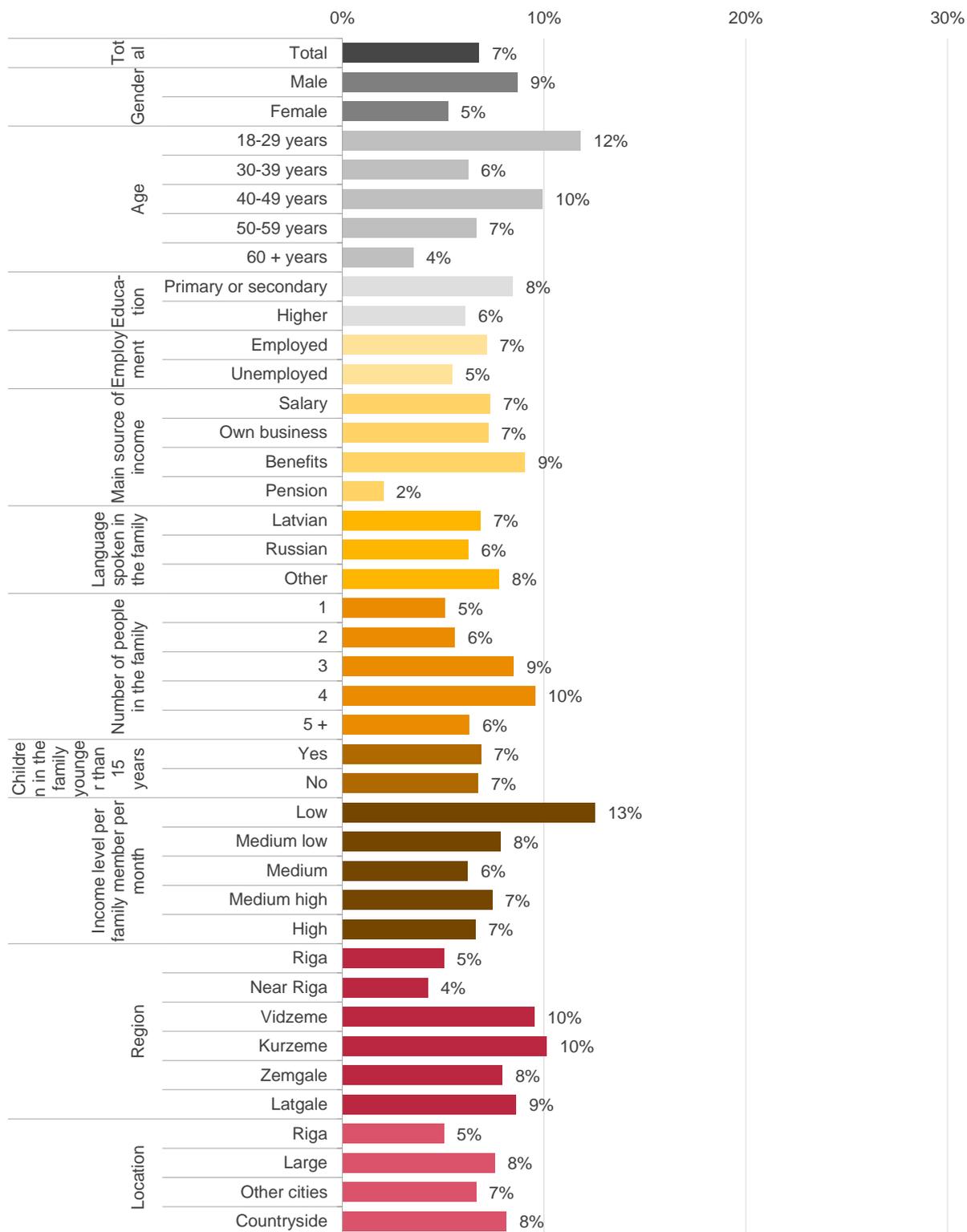
(Base = all participants of the survey; n=1041)

Figure 17. The respondent has borrowed a loan to pay off the existing loans



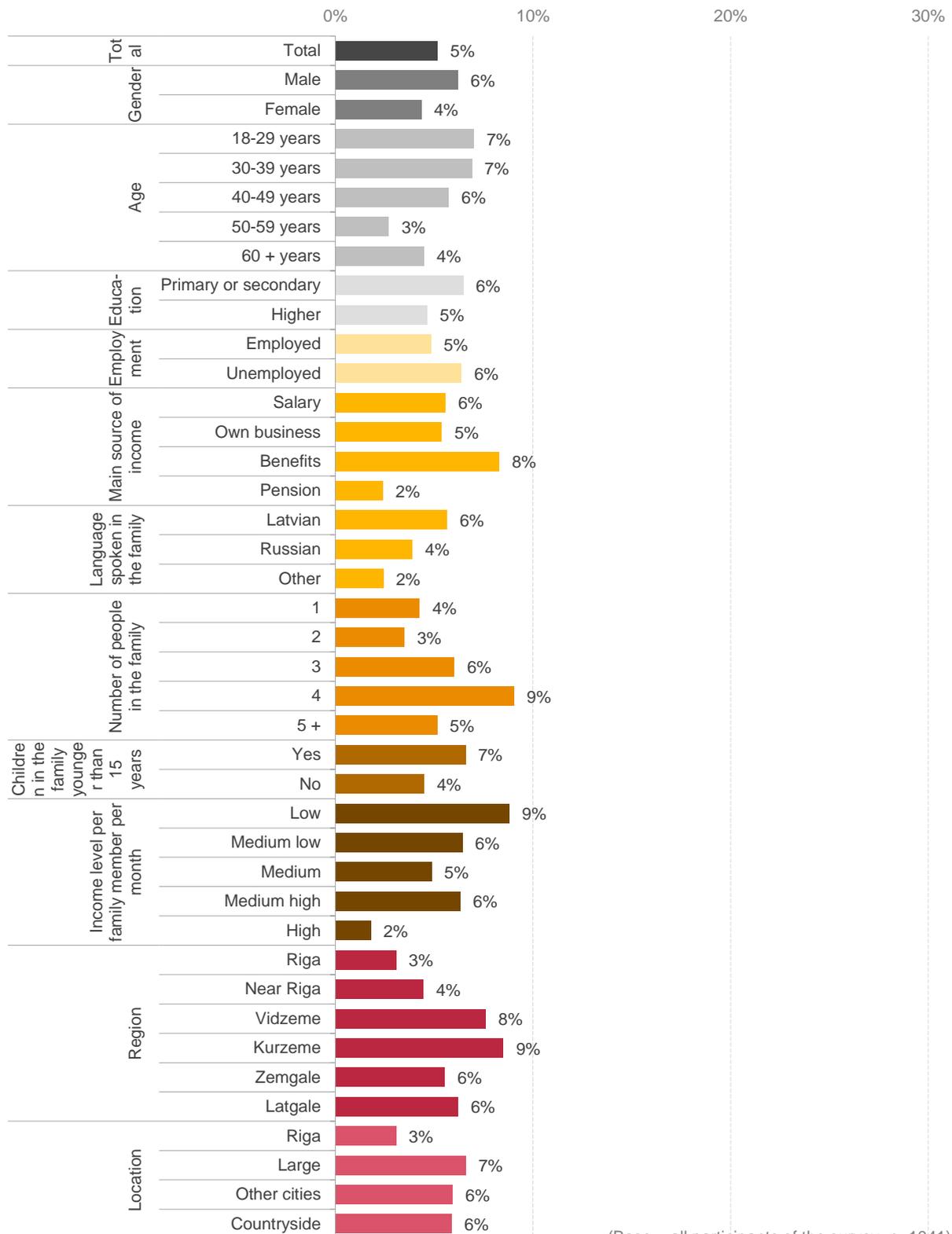
(Base = all participants of the survey; n=1041)

Figure 18. The respondent has borrowed money, giving information that is not entirely true (for example, overstating the typical income level, etc.)



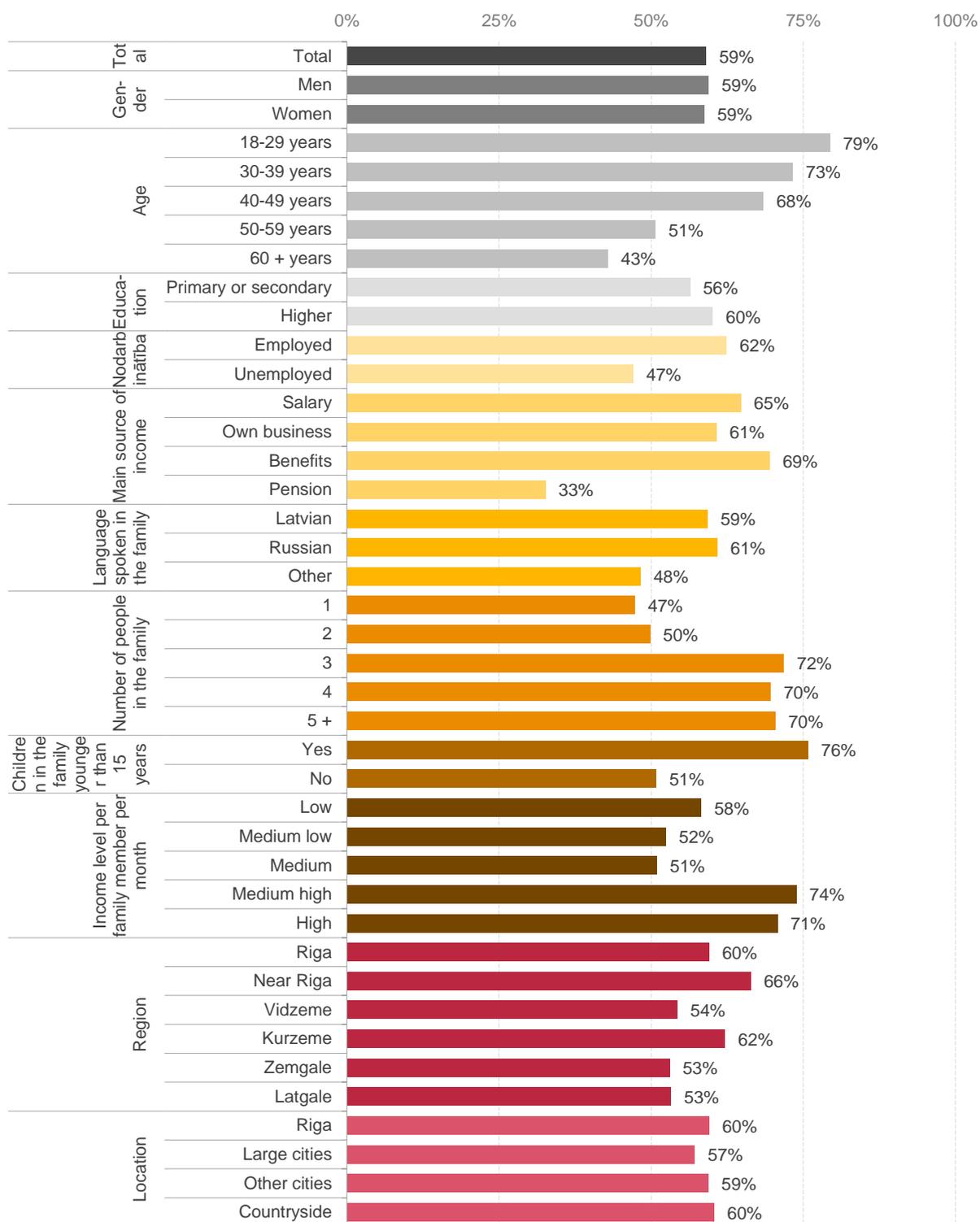
(Base = all participants of the survey; n=1041)

Figure 19. The respondent has borrowed on the terms that the monthly loan liabilities exceeded 40% of their income



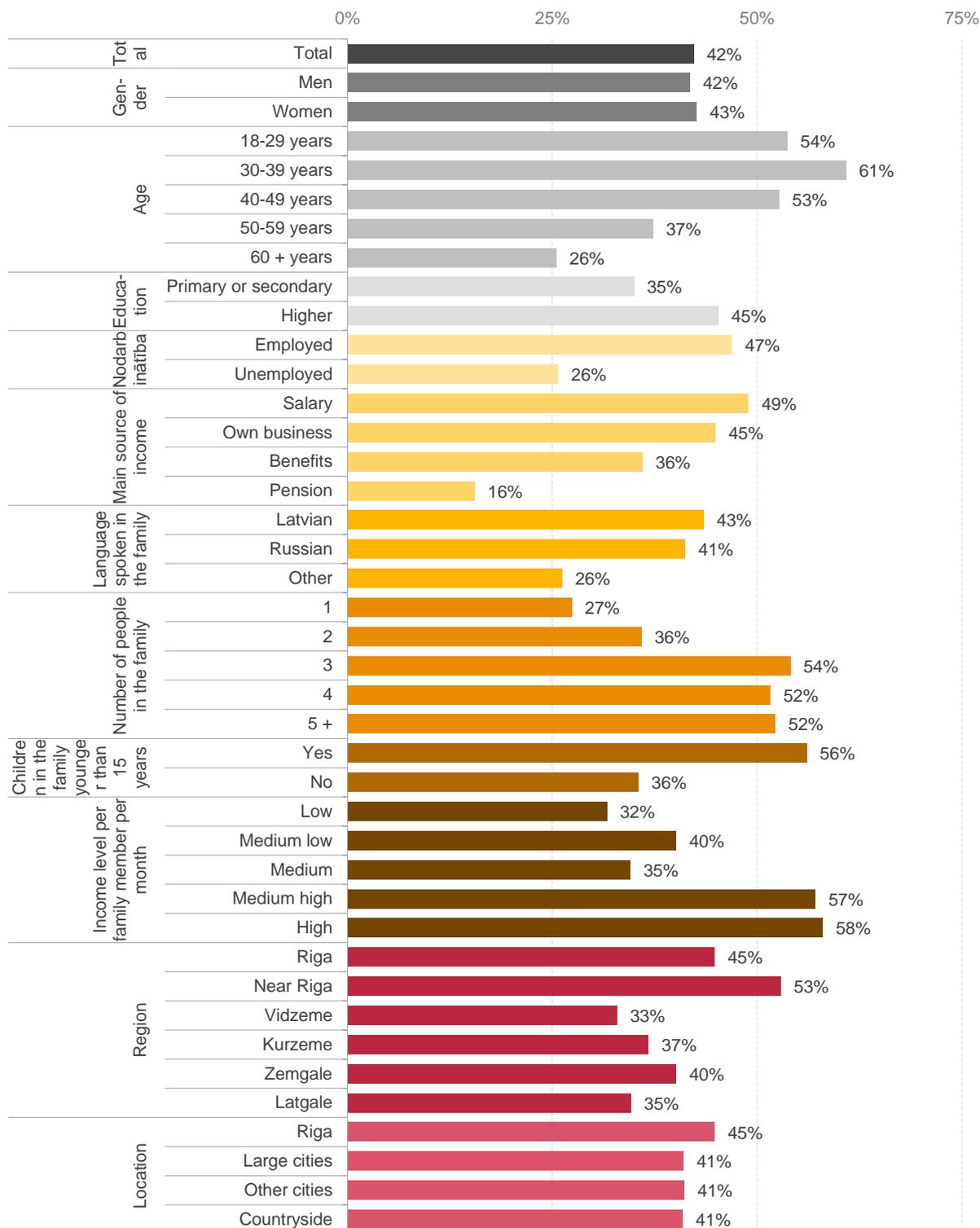
(Base = all participants of the survey; n=1041)

Figure 20. The respondent or a member of the household currently has outstanding debt obligations



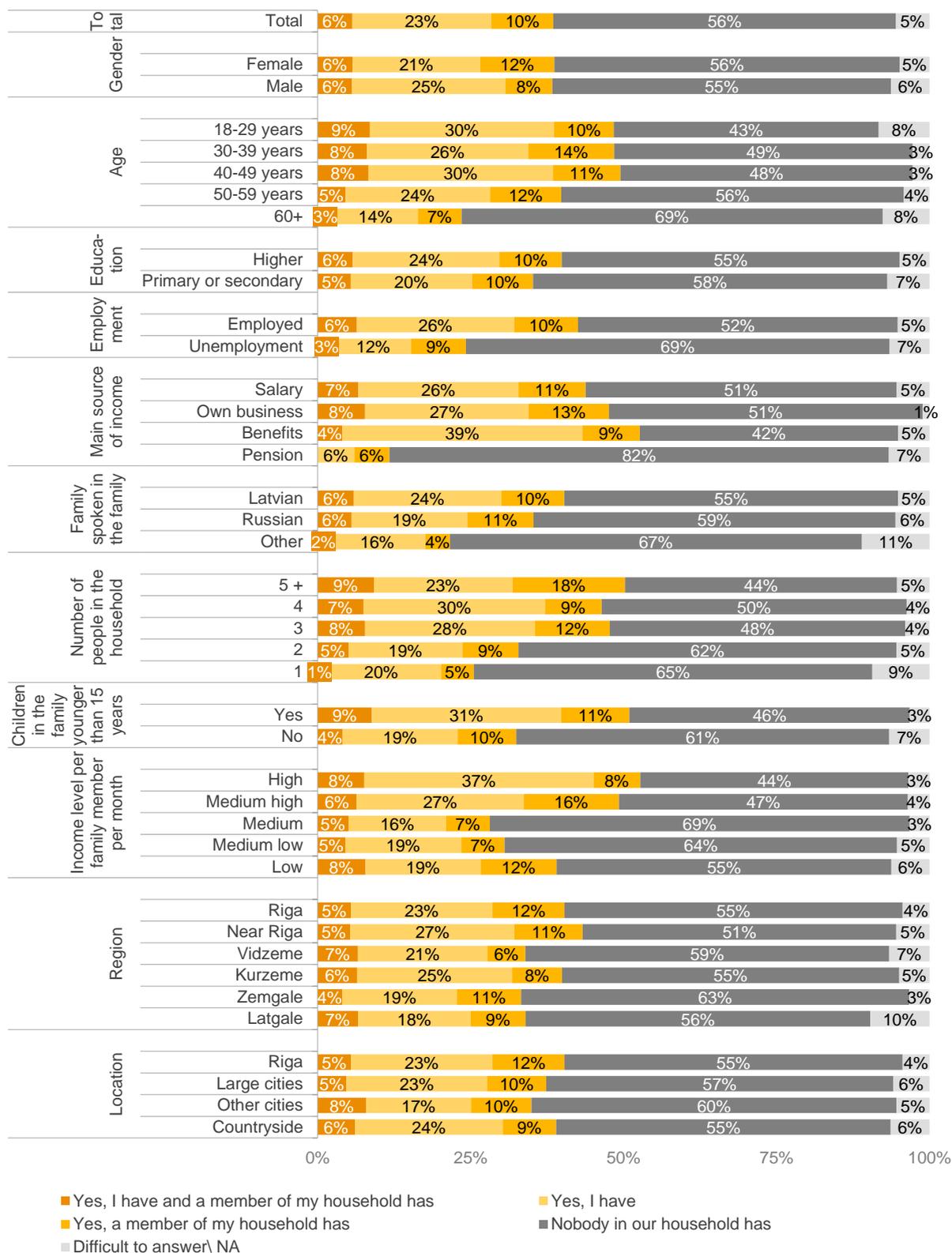
(Base = all participants of the survey; n=1041)

Figure 21. The respondent or a member of their household has no outstanding debt obligations to a bank (mortgage or consumer loans, car leases, etc.)



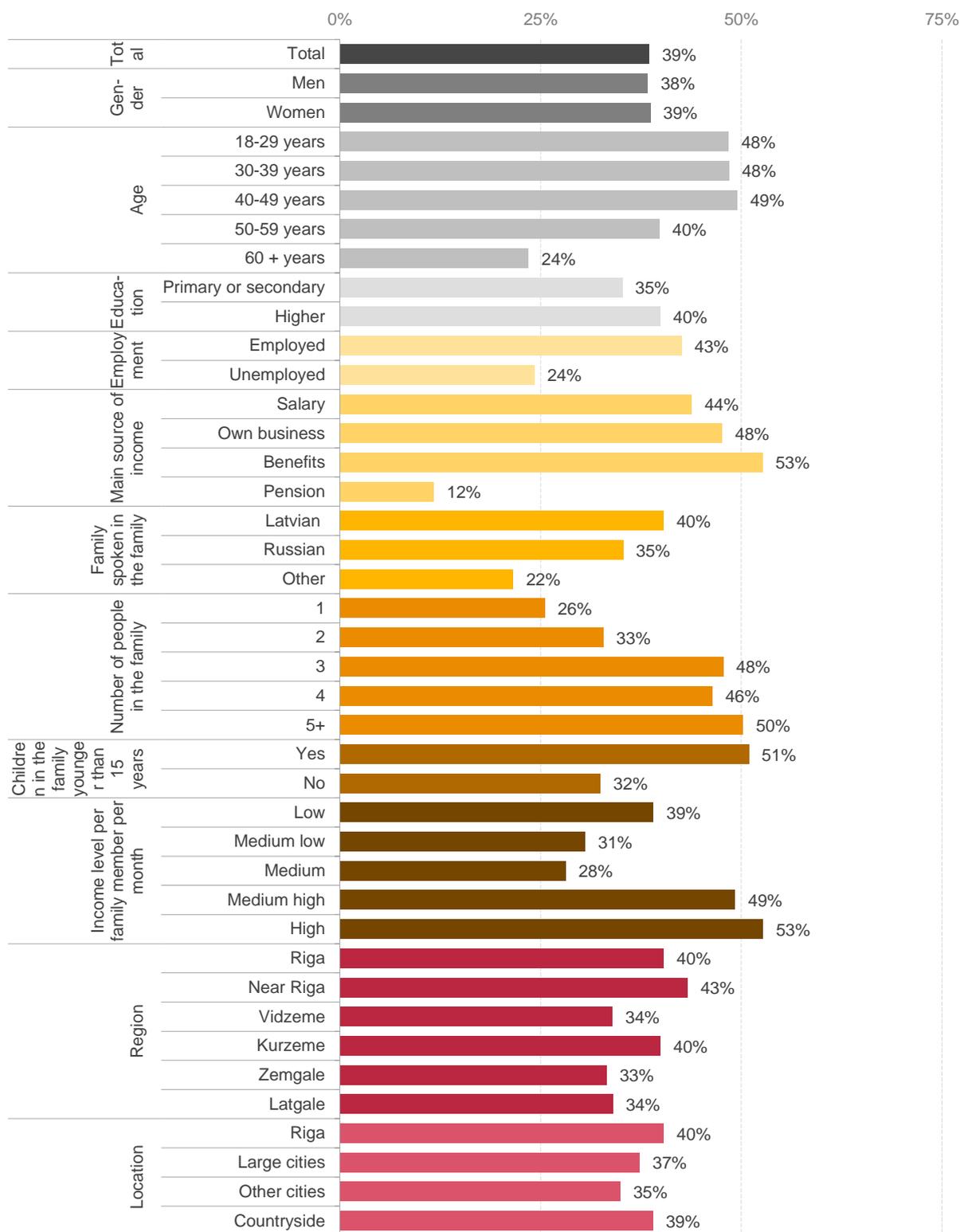
(Base = all participants of the survey; n=1041)

Figure 22. Do you or a member of your household owe somebody more than EUR 500 in total?



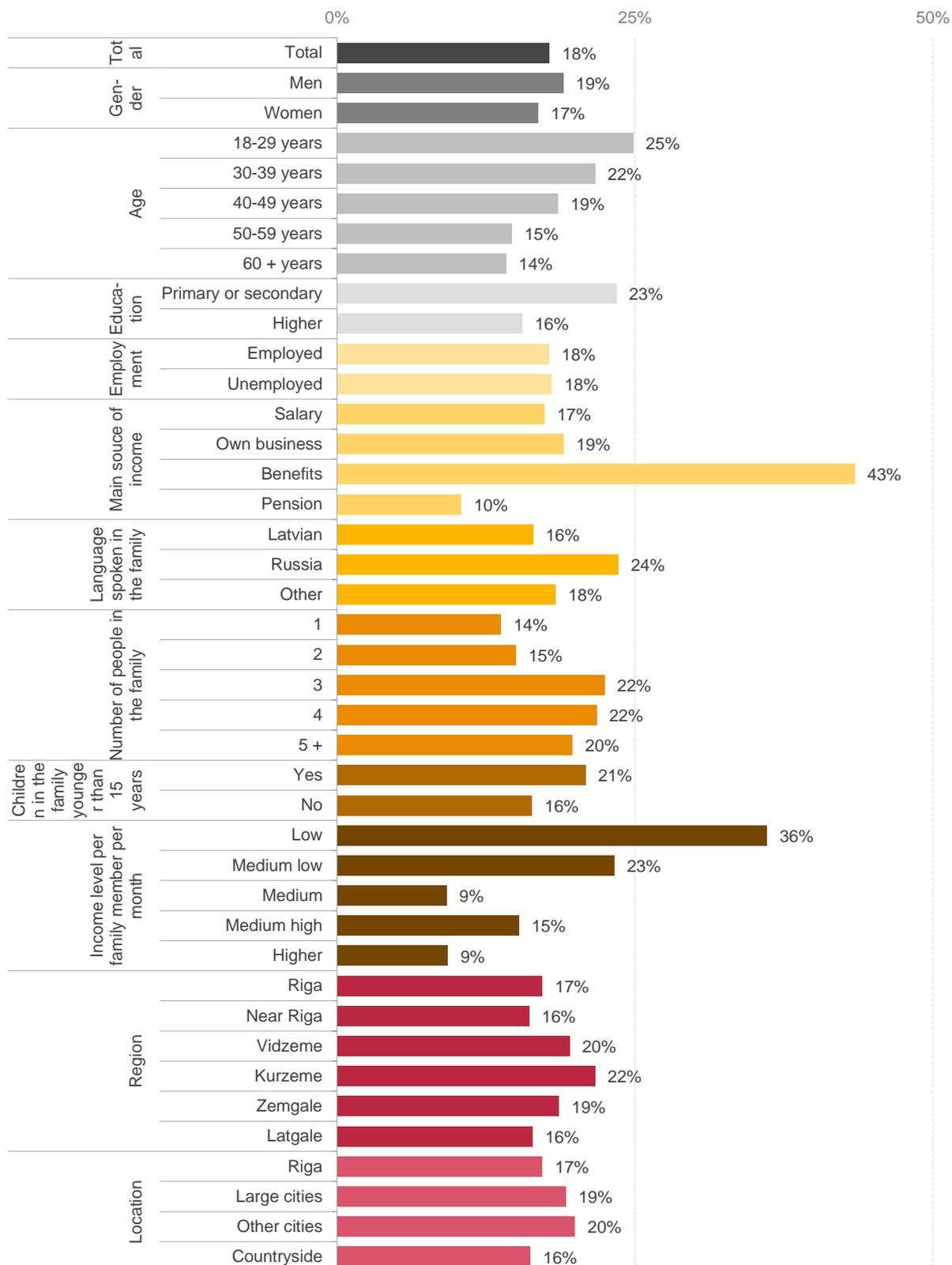
(Base = all participants of the survey; n=1041)

Figure 23. The respondent or a member of the household has outstanding debt obligations that exceed a total of EUR 500 per person



(Base = all participants of the survey; n=1041)

Figure 24. In the last five years, have you or a member of your household had any problems or difficulties in settling your debt obligations as they fall due?



(Base = all participants of the survey; n=1041)

Figure 25. Do you support the initiative to create a single website with information and advice on how to address financial distress?

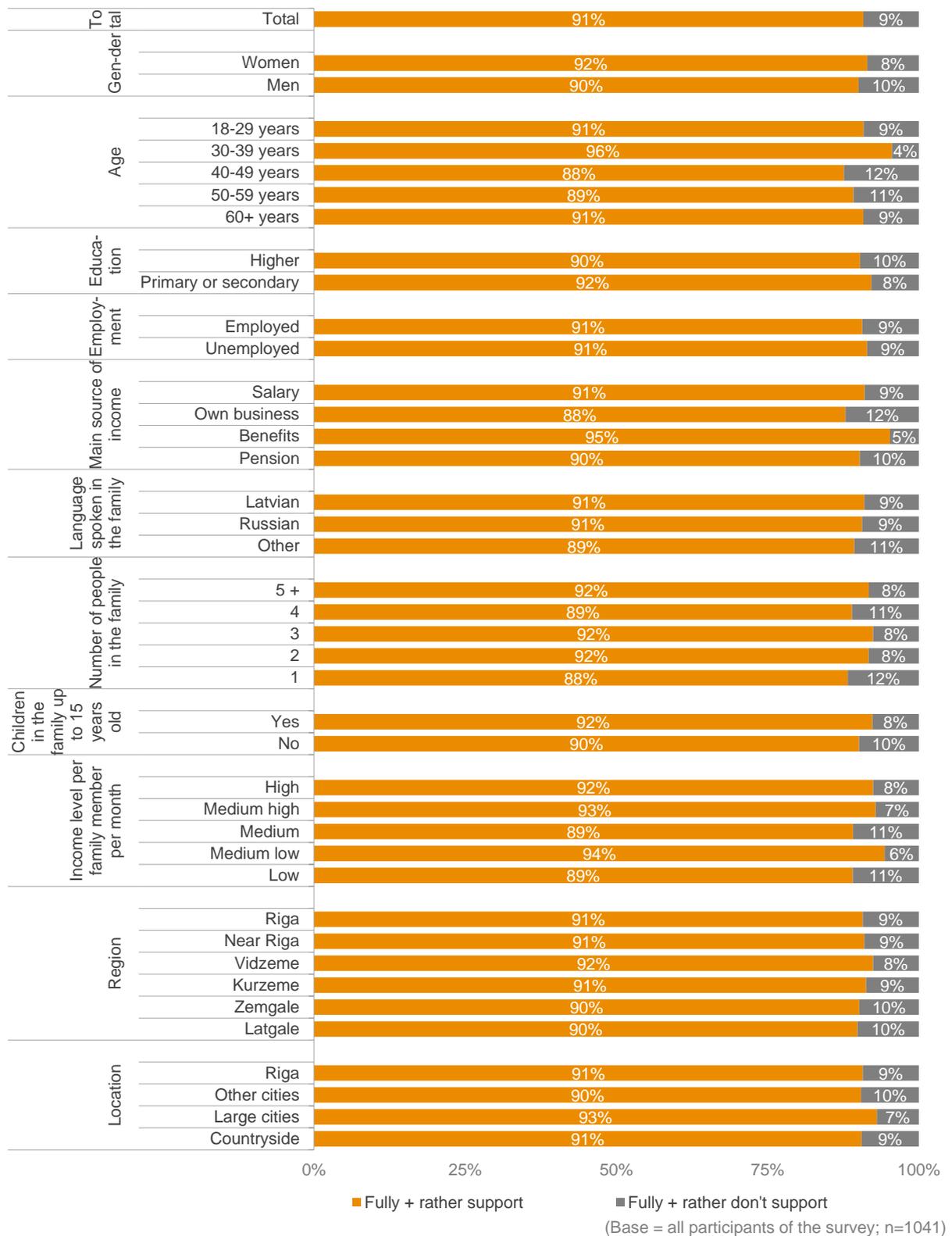
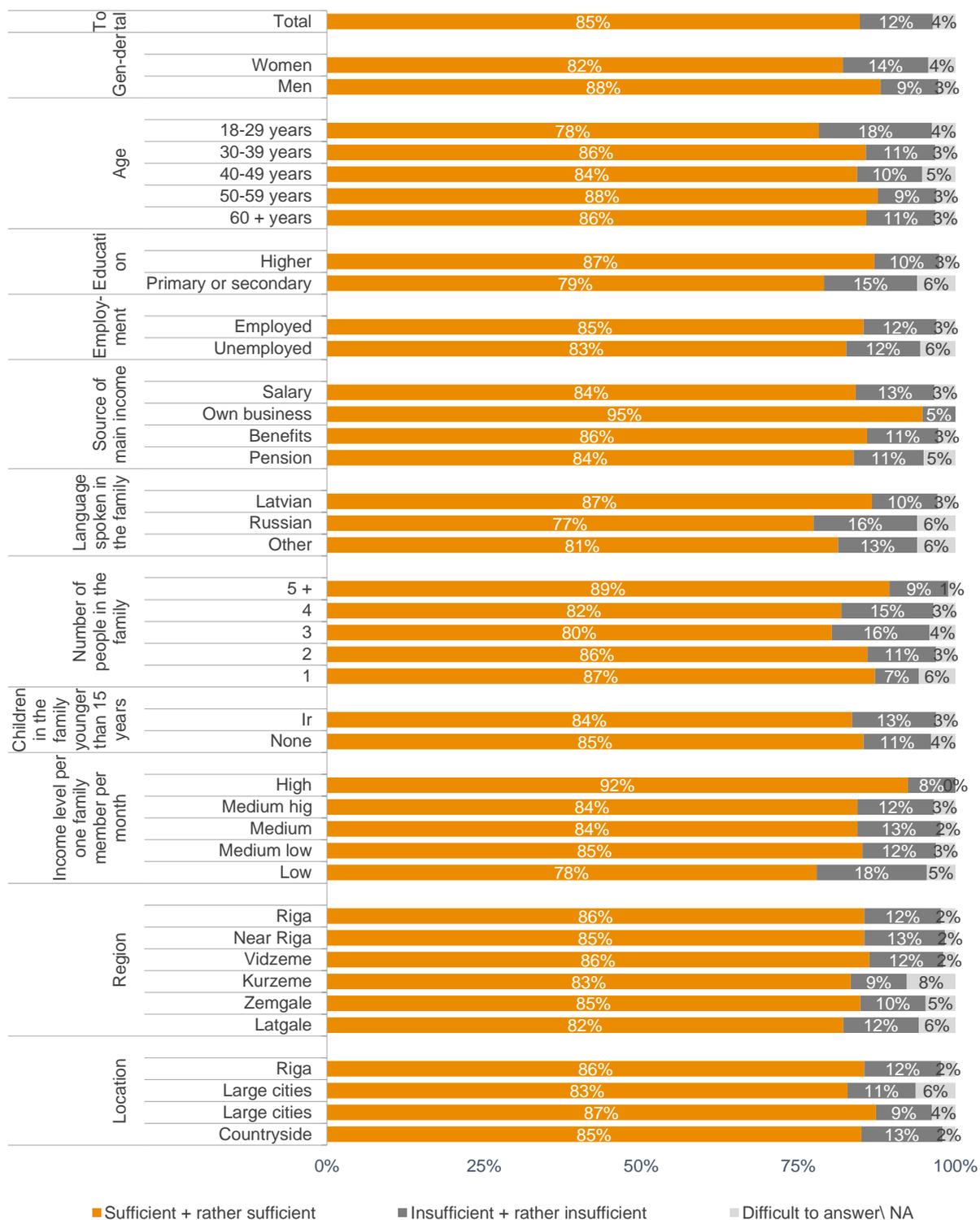
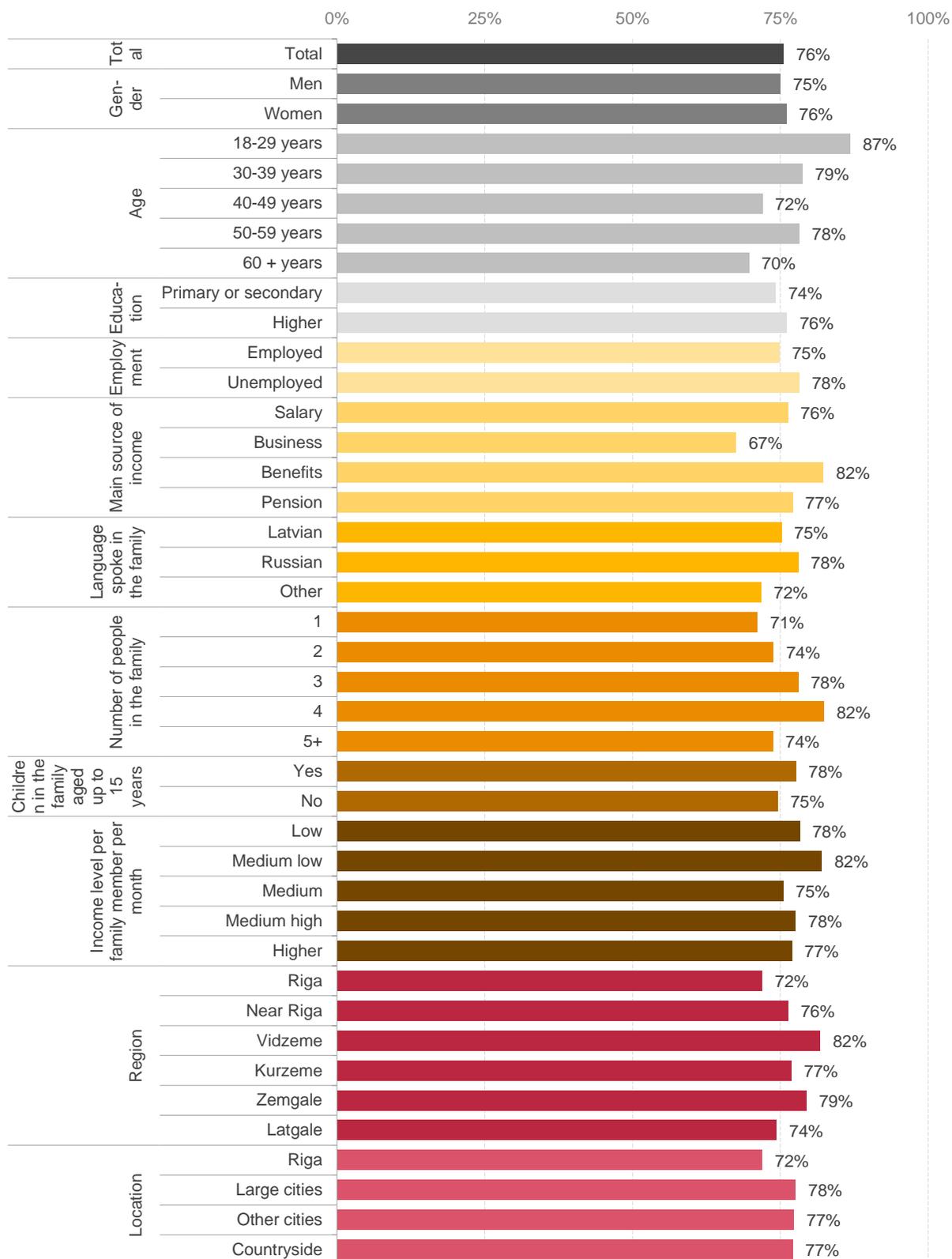


Figure 26. How do you rate your knowledge of household budgeting and managing?



(Base = all participants of the survey; n=1041)

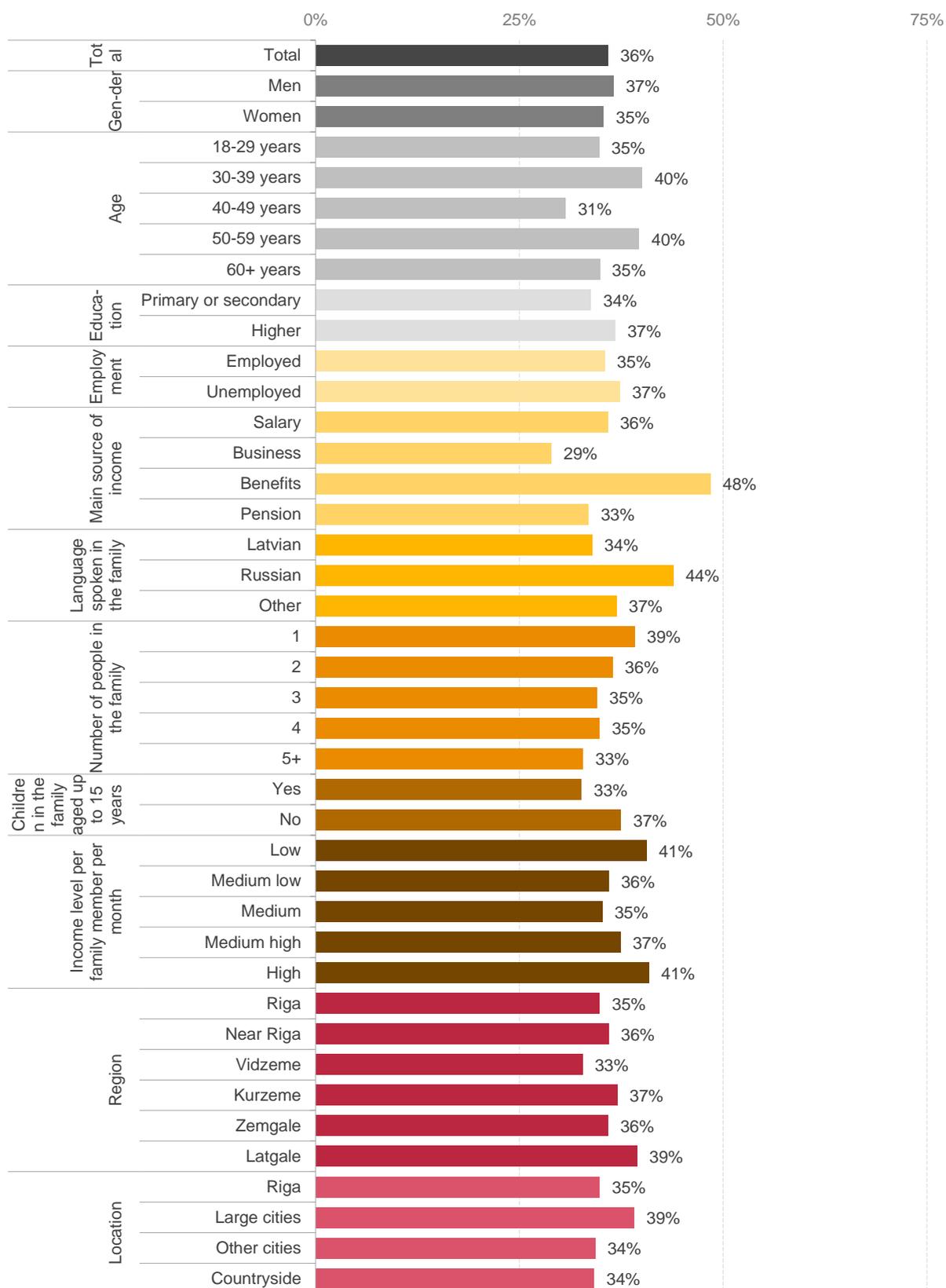
Figure 27. The respondent would like to have additional information on financial budgeting and management



(Base = all participants of the survey; n=1041)

Figure 28. Which financial budgeting questions would you like to have more information on?

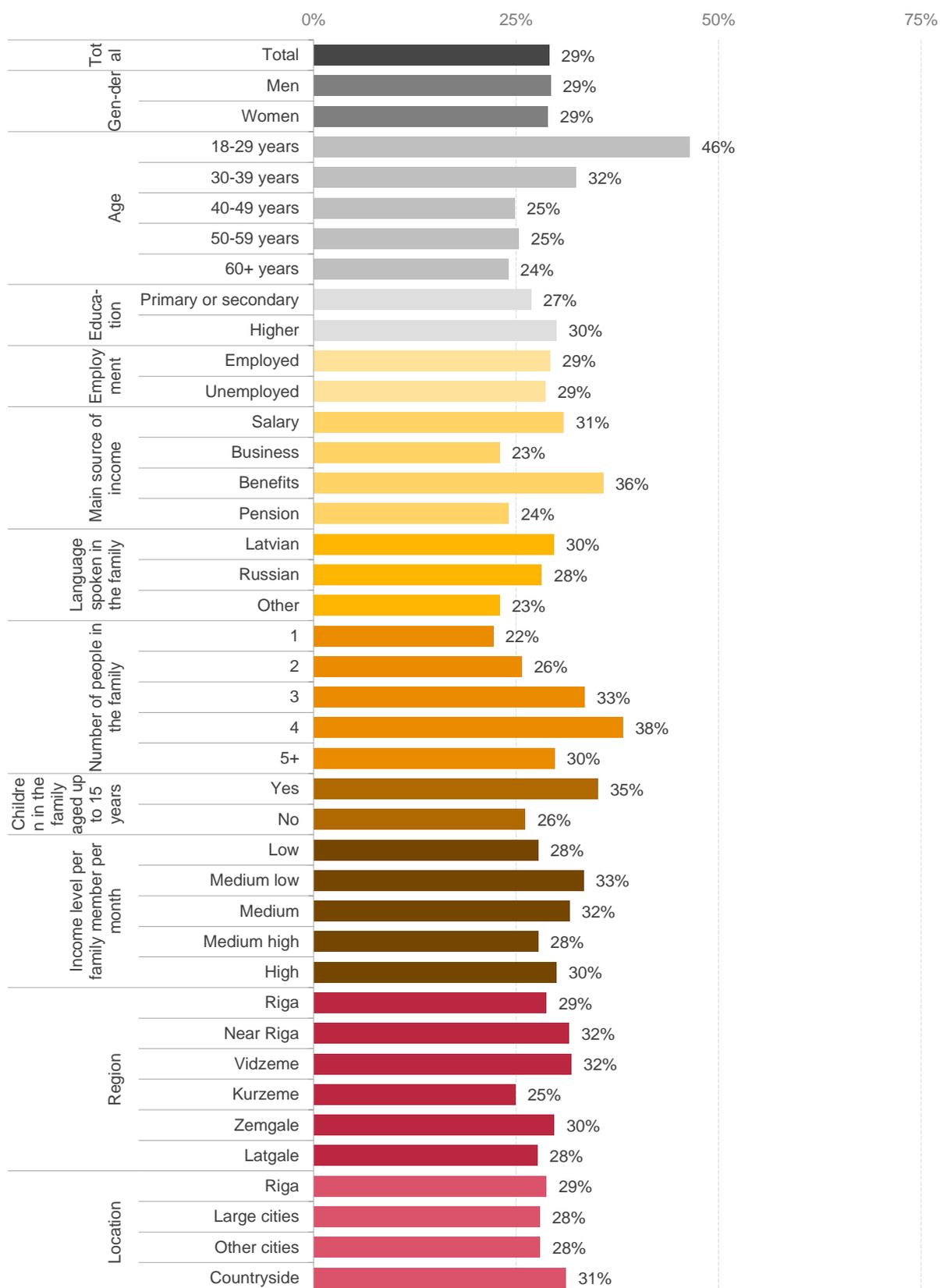
**How to address various legal matters (you need legal advice).**



(Base = all participants of the survey; n=1041)

Figure 29. Which financial budgeting questions would you like to have more information on?

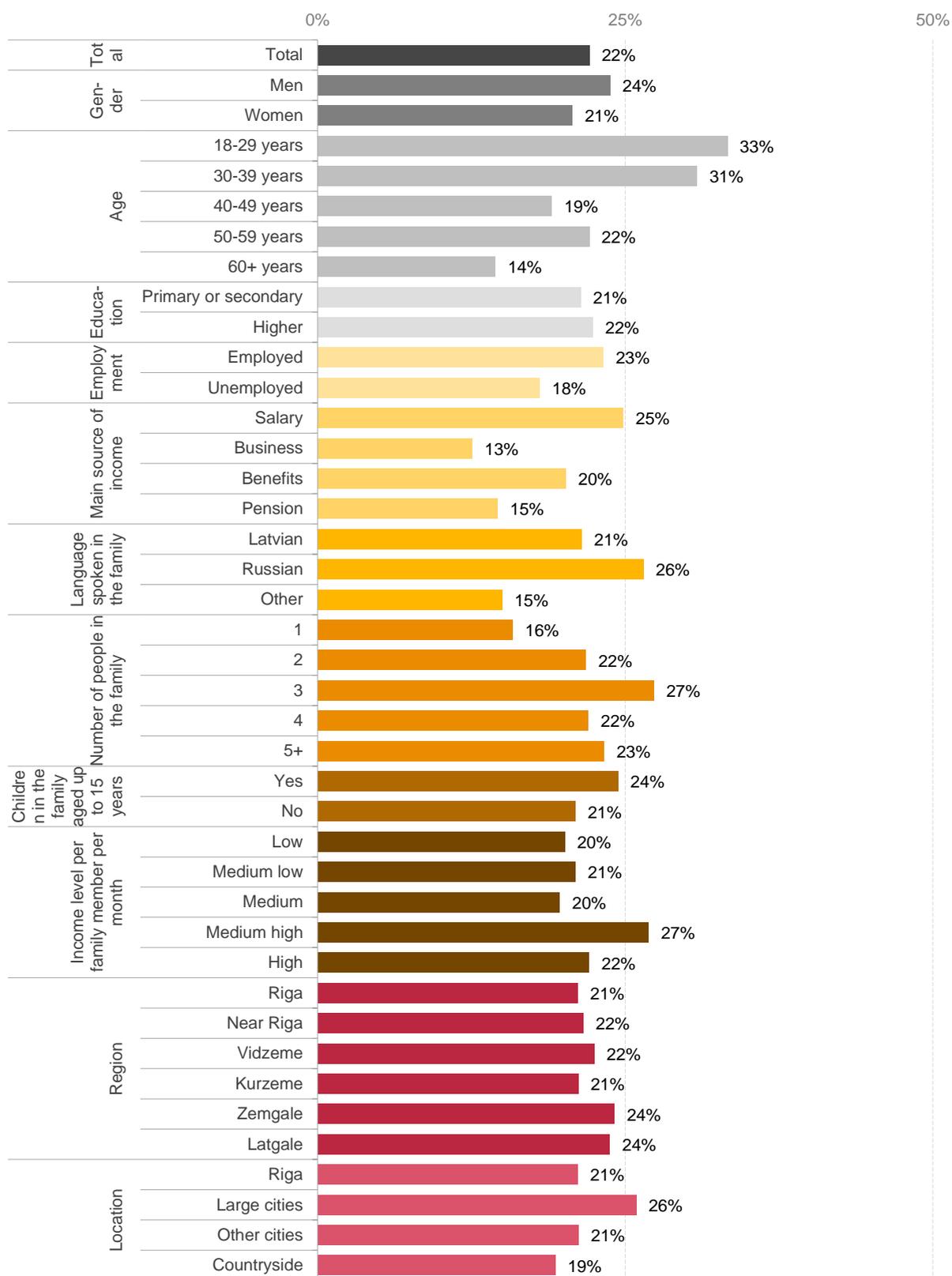
How to apply effective financial planning principles on a daily basis



(Base = all participants of the survey; n=1041)

Figure 30. Which financial budgeting questions would you like to have more information on?

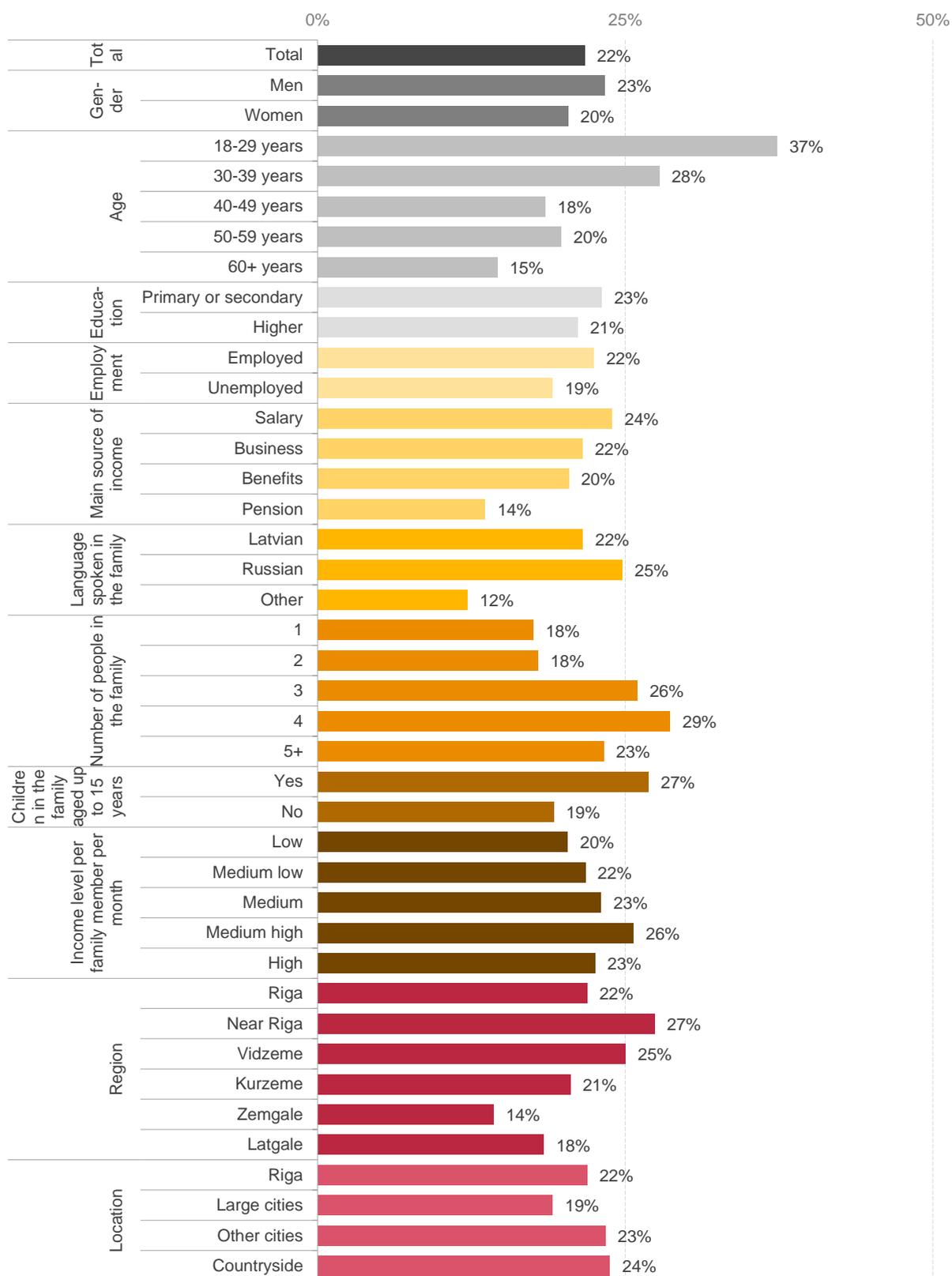
How to negotiate with banks and non-bank lenders



(Base = all participants of the survey; n=1041)

Figure 31. Which financial budgeting matters would you like to have more information on?

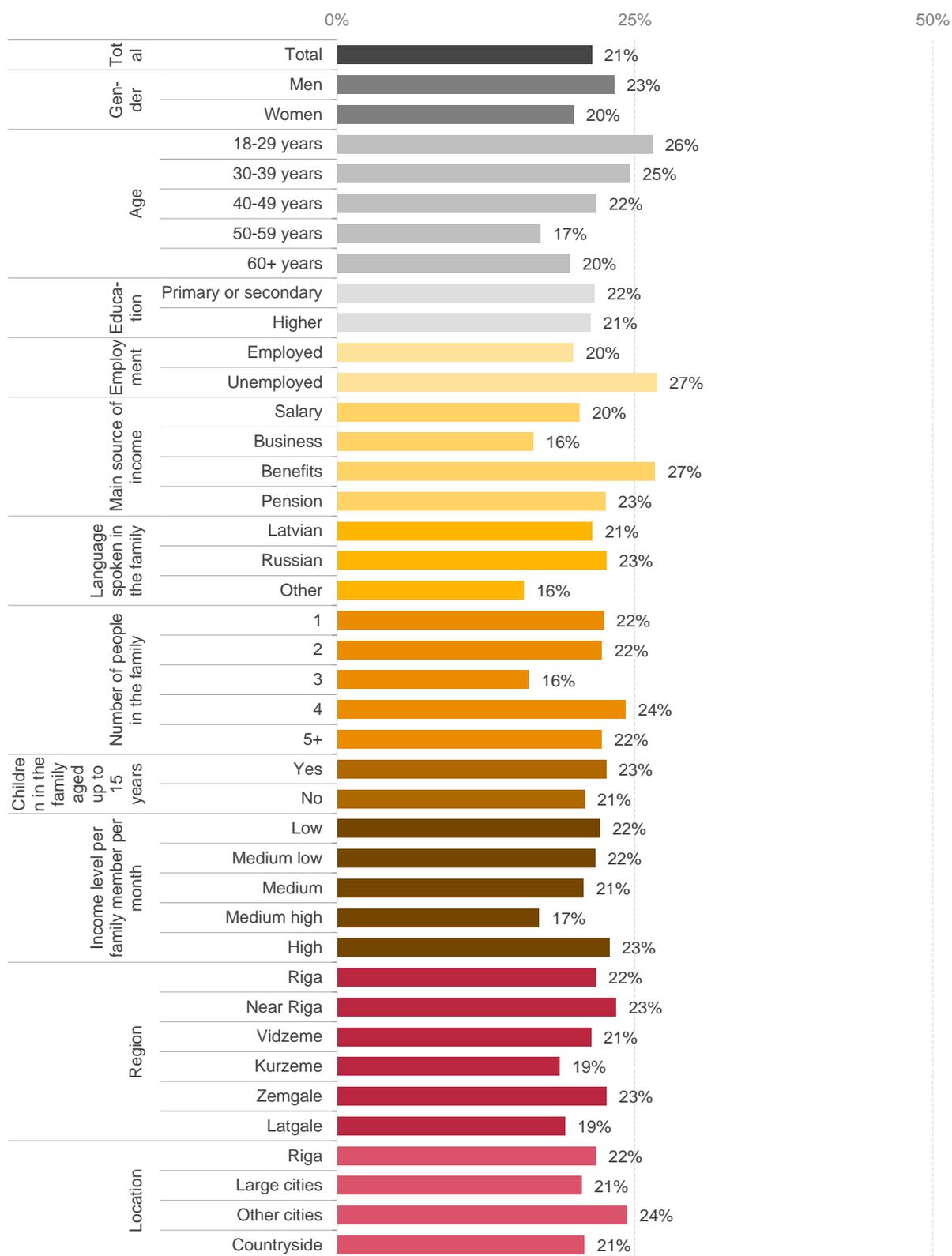
**How to use different budget planning and control tools**



(Base = all participants of the survey; n=1041)

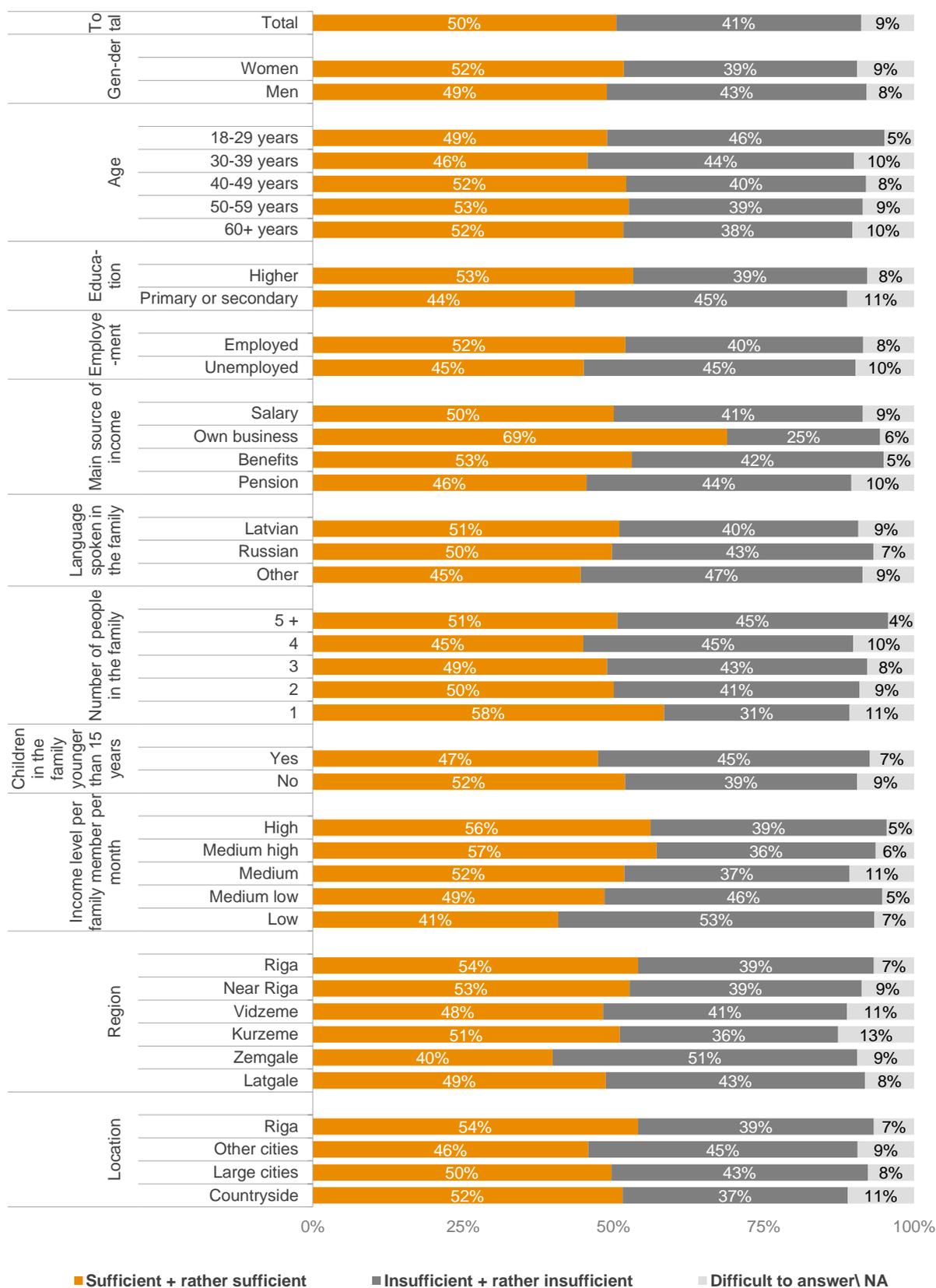
Figure 32. Which financial budgeting questions would you like to have more information on?

**How the individual insolvency process manifests itself**



(Base = all participants of the survey; n=1041)

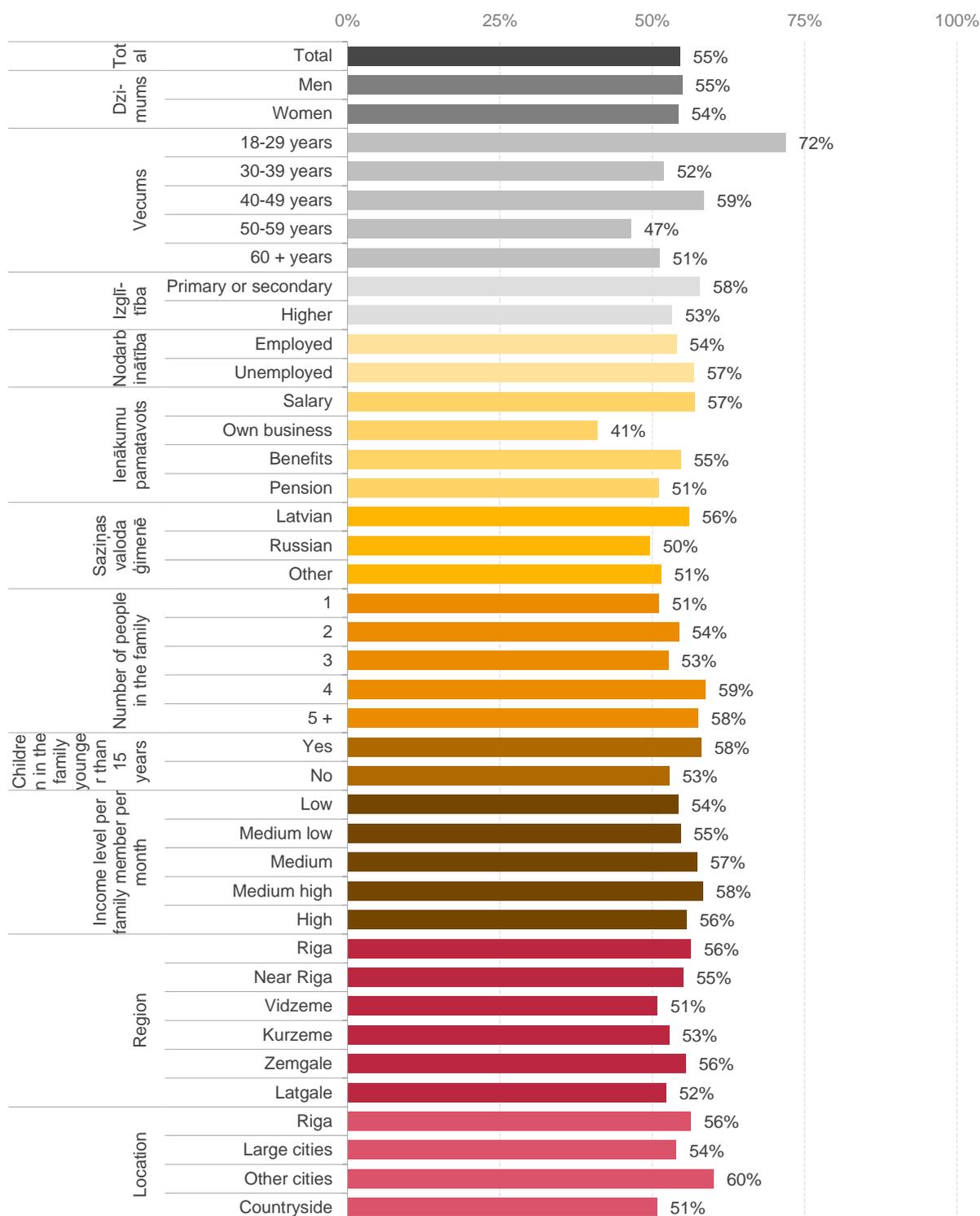
Figure 33. How do you rate your level of awareness of issues related to addressing financial distress by individuals?



(Base = all participants of the survey; n=1041)

Figure 34. What information or support would you need to better manage financial distress?

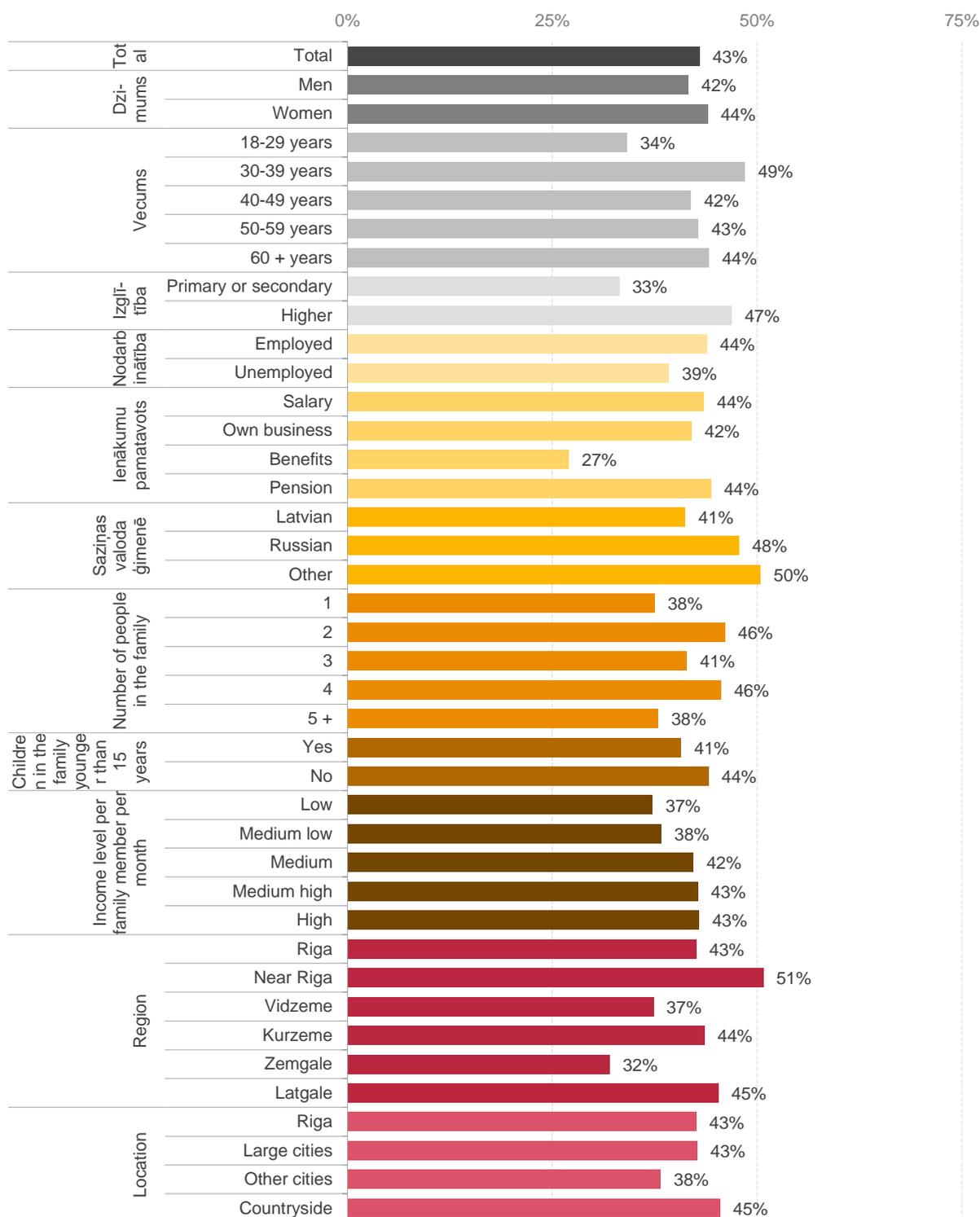
Information and advice on how to manage financial distress



(Base = all participants of the survey; n=1041)

Figure 35. What information or support would you need to better manage financial distress?

Consultations with a lawyer or financial specialist



(Base = all participants of the survey; n=1041)

Figure 36. The survey question: "What social networks do you use?"

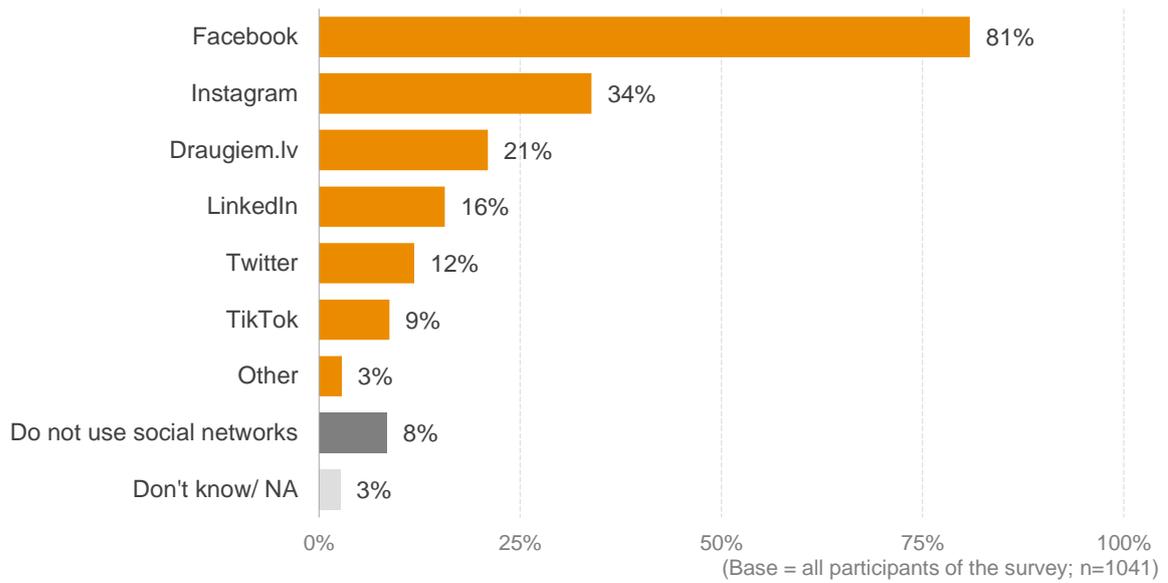
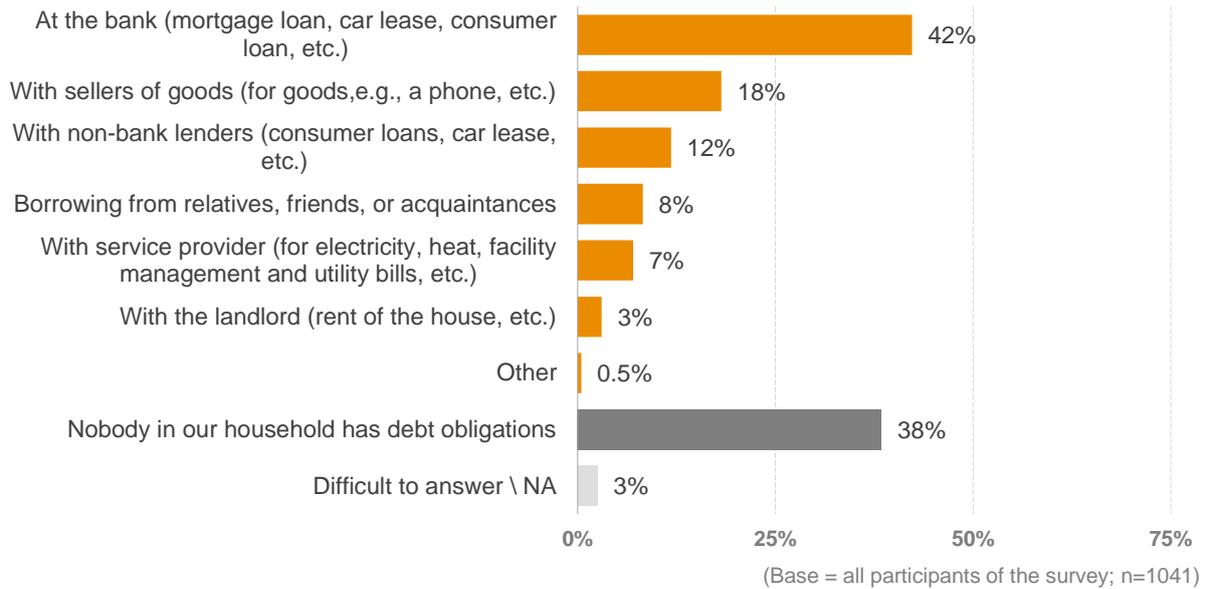


Figure 37. The survey question: "Have you ever borrowed funds from bank or non-bank ("payday loans") lenders (including, for example, buying goods on hire purchase, on lease terms, using a credit line)?"



Figure 38. The survey question: "What are the current debt obligations of you or a member of your household?"



"Other" mentioned in the graph - Debt collection process, tax arrears to the SRS; Insolvency.

Figure 39. The survey question: "Do you or a member of your household owe anybody more than EUR 500 in total?"



Figure 40. The survey question: "In the last five years, have you or a member of your household had any problems or difficulties paying off your debts on time?"

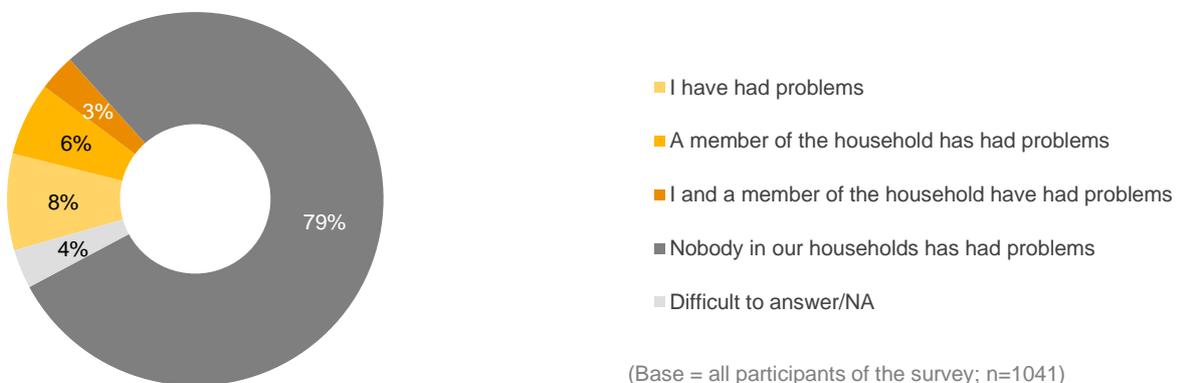
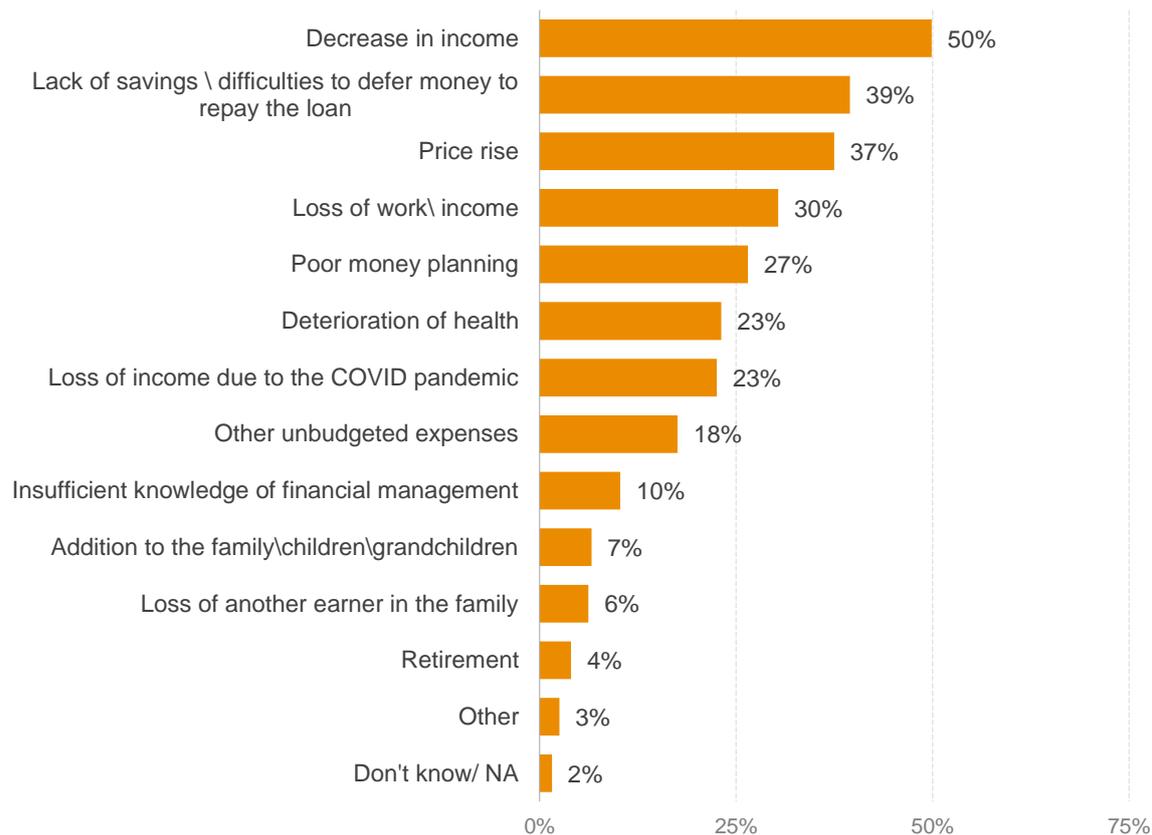


Figure 41. "What were the main reasons for defaulting on debt payments?"



(Base = respondents who have had problems settling debts as they fall due; n=188)

"Other" mentioned in the graph:

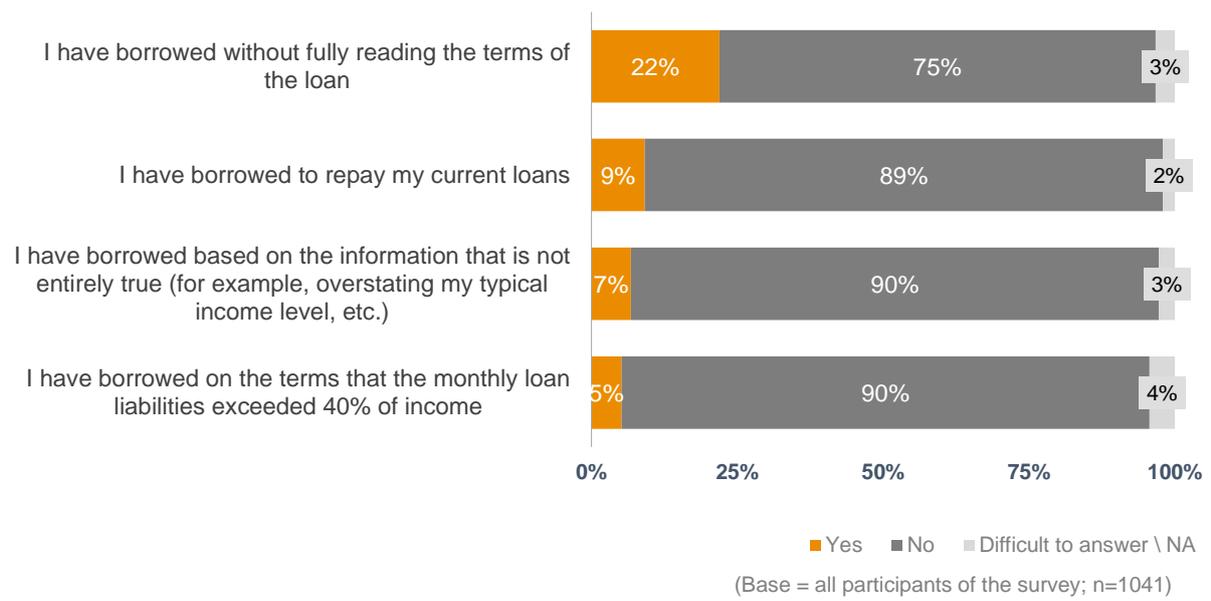
Guarantor for the loan of another person;

The bank unilaterally terminated the contract;

One of the parents who had taken out a loan and guaranteed a mortgage has died;

When filling out the SRS report, I accidentally ticked in the wrong place, the correction of which was not corrected, although it was clear from the reports that the income was not that high. This cost EUR 800.

Figure 42. The survey question: **“For each of the statements in the table, please tell if you have personally ever experienced the situation described?”**



## Results for SMEs and entrepreneurs

### METHODOLOGICAL INFORMATION

|  |  |
|--|--|
| <b>Purpose of the study:</b>           | The study aims to get an understanding of the view of small and medium enterprises and entrepreneurs about the causes and solutions of financial distress, as well as to identify the preferred channels of communication and sources of information when seeking solutions to financial distress.   |
|  | The survey is carried out in accordance with the project of the Ministry of Justice “Development of Information Sources for Identifying and Addressing Financial Difficulties”. It is financed by the Structural Reform Support Fund. The study is being carried out in cooperation with the European Commission and the European Bank for Restructuring and Development.  |
| <b>Target group:</b>                   | Latvian small and medium-sized entrepreneurs (number of employees in the company up to 250) and entrepreneurs (including individual merchants, individual (family) enterprises, farming /fishing enterprises, and agricultural craftsmen’s enterprises/farmsteads)   |
| <b>Sample size achieved:</b>           | 750 respondents, of which 400 are small and medium-sized enterprises and 350 are entrepreneurs.  |
| <b>Data acquisition method:</b>        | <p><b><u>SMEs</u></b><br/>The “<b>Push-to-web</b>” method implemented in several steps.</p> <ol style="list-style-type: none"> <li>1. Telephone interviews (CATI) in the selection of respondents;</li> <li>2. Online (CAWI) interviews. A unique link of the questionnaire was sent to the e-mail address named by the respondent, which could be filled in only by one respondent, only once;</li> <li>3. If the respondent refused to fill in the questionnaire online, but agreed to be interviewed by telephone, the survey was conducted over the phone.</li> </ol> <p><b><u>Entrepreneurs</u></b><br/>Telephone interviews (CATI)</p> |
| <b>Sample characteristics:</b>         | <p><b><u>SMEs</u></b><br/>A representative sample of companies with at least 2,300 entries was ordered from Lursoft.</p> <p><b><u>Entrepreneurs</u></b><br/>Random digit dialling (RDD) of randomly created number combinations</p>  |
| <b>Number of contacts per number:</b>  | <p><b><u>SMEs</u></b><br/>Five attempts to the selected respondents, as well as two reminders to the specified email about participation in the online survey. If necessary, the interviewers also contacted the respondents by phone to encourage them to cooperate and to remind them to fill in the online questionnaire.</p> <p><b><u>Entrepreneurs</u></b><br/>Five attempts</p>  |
| <b>Piloting the questionnaire</b>      | 20 respondents, of which ten are small and medium-sized enterprises and ten are entrepreneurs.   |
| <b>Information acquisition period:</b> | The survey was conducted from 17 January 2022 to 28 February 2022.   |
| <b>Resources involved:</b>             | 12 interviewers, 3 supervisors of the interviewers, 2 project managers and data quality supervisors  |
| <b>Standards met:</b>                  | The survey was organised and conducted in accordance with the ESOMAR Code and Standards for Market and Social Research   |

#### Description of contacts made:

##### **SMEs**

To conduct interviews with **400** small and medium-sized enterprises, the study sought to contact a total of **2,300** companies, of which:

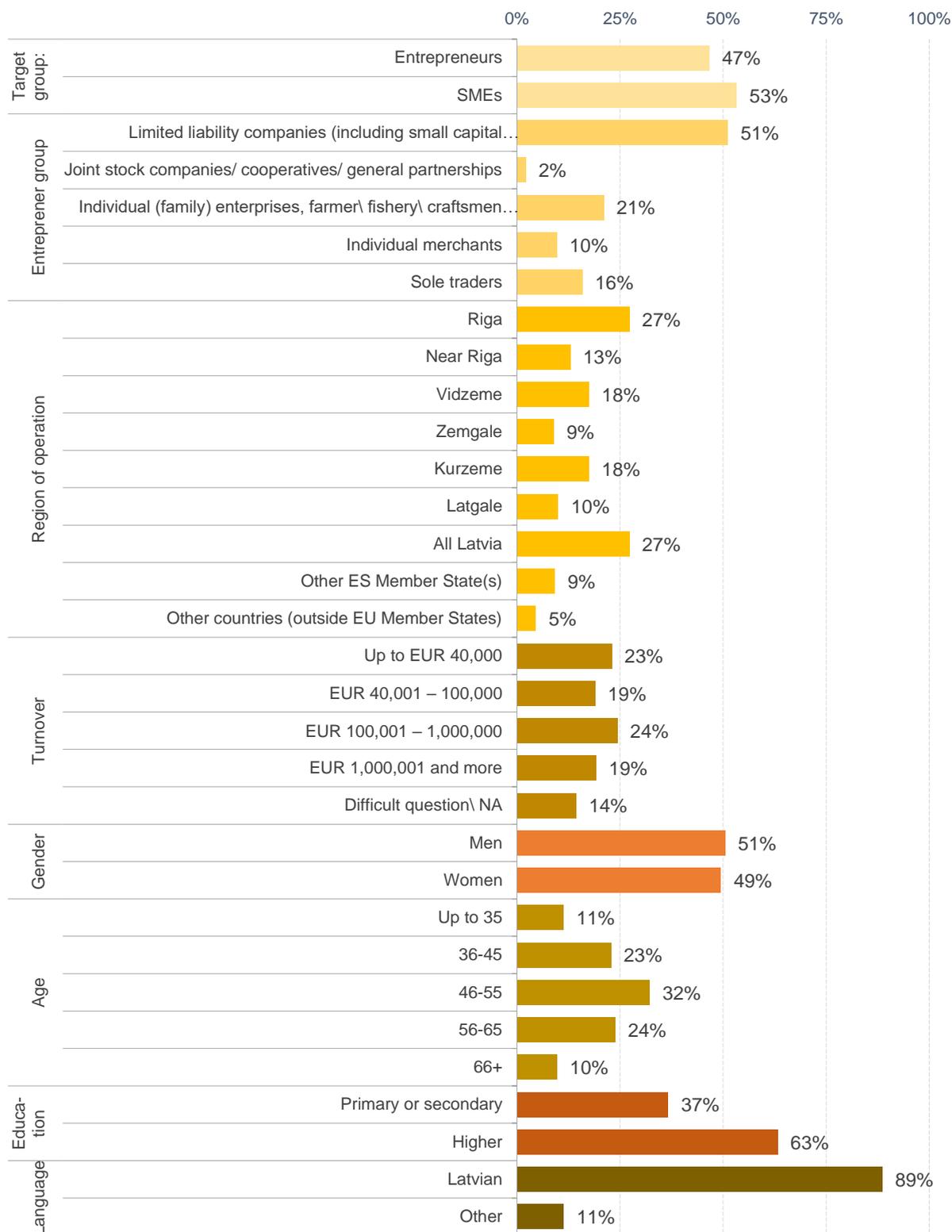
|                                     |   | <b>CAWI</b> |
|-------------------------------------|---|-------------|
| 1                                   | Number of phone numbers contacted, unsuccessfully<br>(company numbers for which 5 attempts to contact were made, but the numbers were engaged or unresponsive; numbers were closed or out of order) | 590         |
| 2                                   | The company did not meet the target group criteria  | 143         |
| 3                                   | Refusal in the recruitment process, not willing to participate in the survey  | 357         |
| 4                                   | Respondents were invited to participate in the online survey (+two reminders were sent if the interview was not completed)  | 1,210       |
| 5                                   | Invitations to participate and reminders were sent, but the questionnaire was not opened  | 389         |
| 6                                   | The person had started to complete the online questionnaire but had not finished it off<br>(only partially filled in or rejected)   | 421         |
| 7                                   | Completed Internet Interviews (CAWI)  | <b>227</b>  |
| 8                                   | Interviews were completed using the CATI system   | <b>173</b>  |
| <b>Response (%) [7] + [8] /2300</b> |   | <b>17%</b>  |

### **Entrepreneurs**

To reach a total sample of 350 respondents, a total of 8,067 telephone numbers were contacted, of which:

| <b>Total number of active phone numbers contacted</b>                       |  | <b>8,067</b> |
|---|--|--------------|
| 1   | Number of phone numbers contacted, unsuccessfully (5 attempts to contact, but numbers engaged or not responding) | <b>6'498</b> |
| 2   | The respondent did not meet the target group criteria  | <b>644</b>   |
| 3   | Refused/ not willing to participate  | <b>575</b>   |
| 4   | Questionnaires completed fully   | <b>350</b>   |
| <b>Response (%) from successful contact attempts: [4] / [2] + [3] + [4]</b> |  | <b>22%</b>   |

Figure 43 Breakdown of the study sample.



(Base = all participants of the survey; n=750)

**TABLE OF STATISTICAL ERROR OF THE RESULTS OF THE STUDY  
(with 95% probability)**

| Distribution of answers % | Number of respondents (base) |      |     |     |     |     |     |     |     |     |      |      |      |      |      |
|---------------------------|------------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|------|------|------|------|------|
|                           | N =                          |      |     |     |     |     |     |     |     |     |      |      |      |      |      |
|                           | 50                           | 100  | 150 | 200 | 300 | 350 | 400 | 500 | 600 | 750 | 1000 | 1100 | 1200 | 1500 | 2000 |
| 2 or 98                   | 4.0                          | 2.8  | 2.3 | 2.0 | 1.6 | 1.5 | 1.4 | 1.3 | 1.1 | 1.0 | 0.9  | 0.8  | 0.8  | 0.7  | 0.6  |
| 4 or 96                   | 5.6                          | 3.9  | 3.2 | 2.8 | 2.3 | 2.1 | 2.0 | 1.8 | 1.6 | 1.4 | 1.3  | 1.2  | 1.1  | 1.0  | 0.9  |
| 6 or 94                   | 6.8                          | 4.8  | 3.9 | 3.4 | 2.8 | 2.5 | 2.4 | 2.1 | 2.0 | 1.7 | 1.5  | 1.4  | 1.4  | 1.2  | 1.0  |
| 8 or 92                   | 7.7                          | 5.4  | 4.4 | 3.8 | 3.1 | 2.8 | 2.7 | 2.4 | 2.2 | 1.9 | 1.7  | 1.6  | 1.6  | 1.4  | 1.2  |
| 10 or 90                  | 8.5                          | 6.0  | 4.9 | 4.3 | 3.5 | 3.1 | 3.0 | 2.7 | 2.5 | 2.1 | 1.9  | 1.8  | 1.7  | 1.5  | 1.3  |
| 12 or 88                  | 9.2                          | 6.5  | 5.3 | 4.6 | 3.8 | 3.4 | 3.3 | 2.9 | 2.7 | 2.3 | 2.1  | 1.9  | 1.9  | 1.6  | 1.4  |
| 15 or 85                  | 10.1                         | 7.1  | 5.9 | 5.1 | 4.1 | 3.7 | 3.6 | 3.2 | 2.9 | 2.5 | 2.3  | 2.1  | 2.1  | 1.8  | 1.6  |
| 20 or 80                  | 11.4                         | 8.0  | 6.6 | 5.7 | 4.6 | 4.2 | 4.0 | 3.6 | 3.3 | 2.8 | 2.5  | 2.4  | 2.3  | 2.0  | 1.8  |
| 25 or 75                  | 12.3                         | 8.7  | 7.1 | 6.1 | 5.0 | 4.5 | 4.3 | 3.9 | 3.6 | 3.0 | 2.8  | 2.6  | 2.5  | 2.2  | 1.9  |
| 30 or 70                  | 13.0                         | 9.2  | 7.5 | 6.5 | 5.3 | 4.8 | 4.6 | 4.1 | 3.8 | 3.2 | 2.9  | 2.7  | 2.6  | 2.3  | 2.0  |
| 35 or 65                  | 13.5                         | 9.5  | 7.8 | 6.8 | 5.5 | 5.0 | 4.8 | 4.3 | 3.9 | 3.3 | 3.1  | 2.8  | 2.8  | 2.4  | 2.1  |
| 40 or 60                  | 13.9                         | 9.8  | 8.0 | 7.0 | 5.7 | 5.1 | 4.9 | 4.4 | 4.0 | 3.4 | 3.1  | 2.9  | 2.8  | 2.5  | 2.2  |
| 45 or 55                  | 14.1                         | 9.9  | 8.1 | 7.0 | 5.8 | 5.2 | 5.0 | 4.5 | 4.1 | 3.5 | 3.2  | 2.9  | 2.9  | 2.5  | 2.2  |
| 50 or 50                  | 14.2                         | 10.0 | 8.2 | 7.1 | 5.8 | 5.2 | 5.0 | 4.5 | 4.1 | 3.5 | 3.2  | 3.0  | 2.9  | 2.5  | 2.2  |

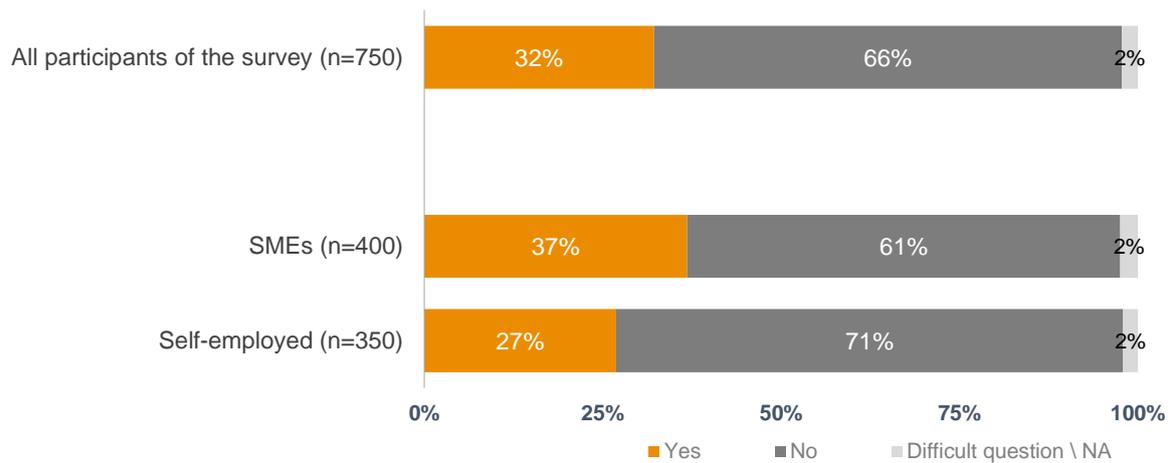
**When using the table for determining the statistical error of the results of the study, N = 750 should be taken as the basis for the total sample.**

The accuracy range of the results with a 95% probability is calculated by the following formula:

$$\text{Accuracy range} = \pm 1,96 \sqrt{\frac{\pi(100 - \pi)}{n}}$$

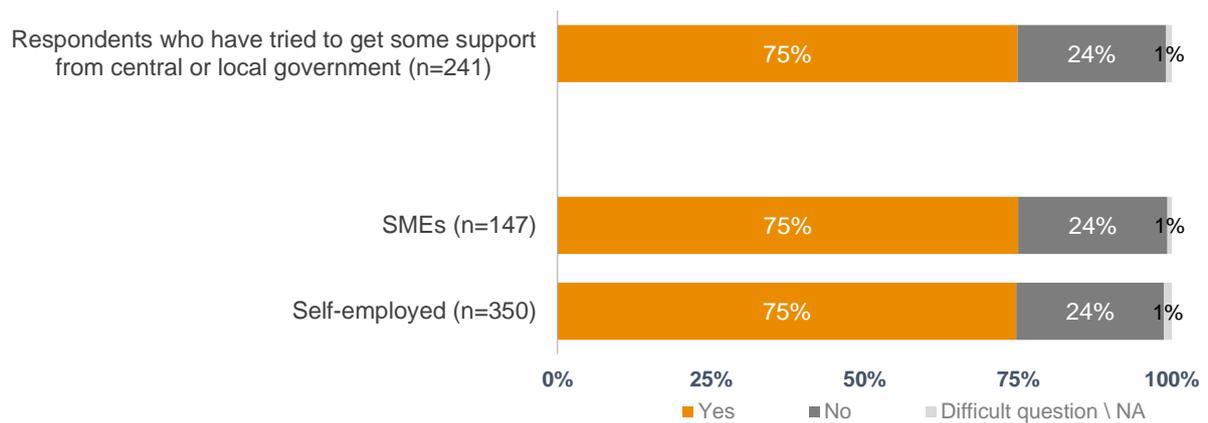
$\pi$  = distribution of answers in percent %; n = number of respondents

Figure 44. The survey question: “In the last five years, have you tried to obtain central or local government support or any kind for your business?”



Sample - respondents who had applied for central or local government support of any kind for business in the last five years.

Figure 45. The survey question: “In the last five years, have you been granted any central or local government support for your business?”



Sample - respondents who have received central or local government support of any kind for business in the last five years.

Figure 46. The survey question: “In the last five years, what support from a central or local government institution to support your business have you received?”

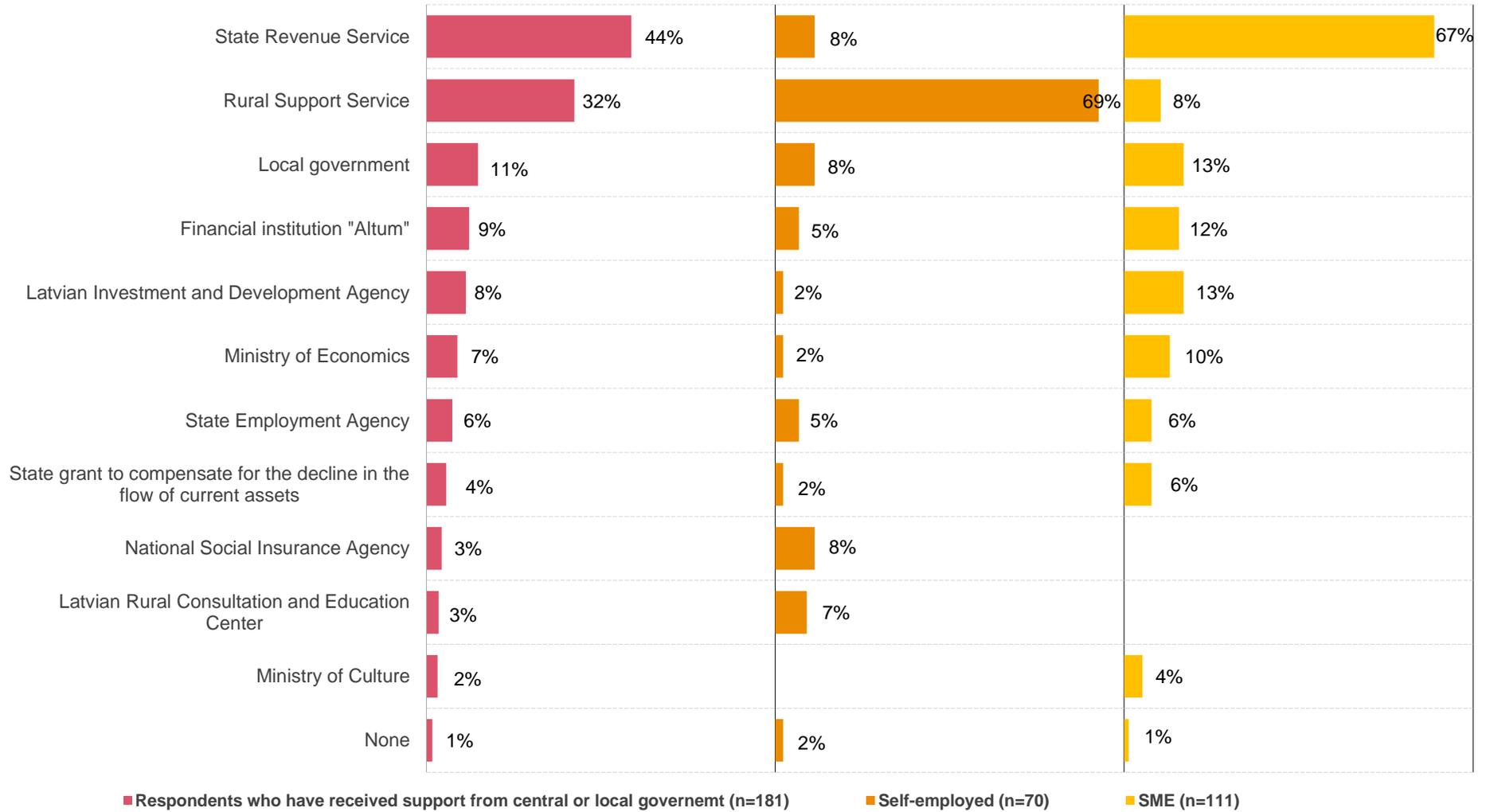
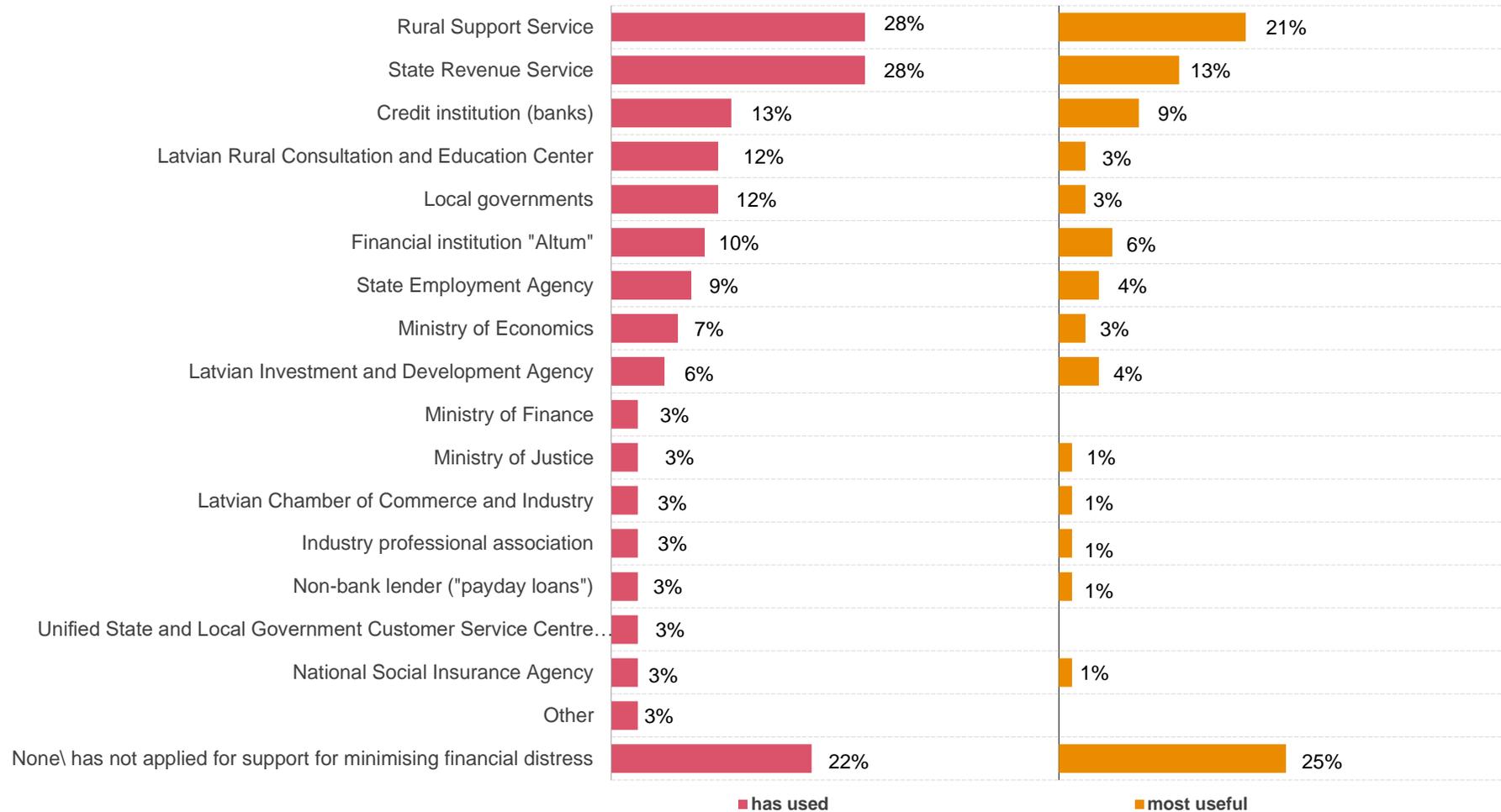
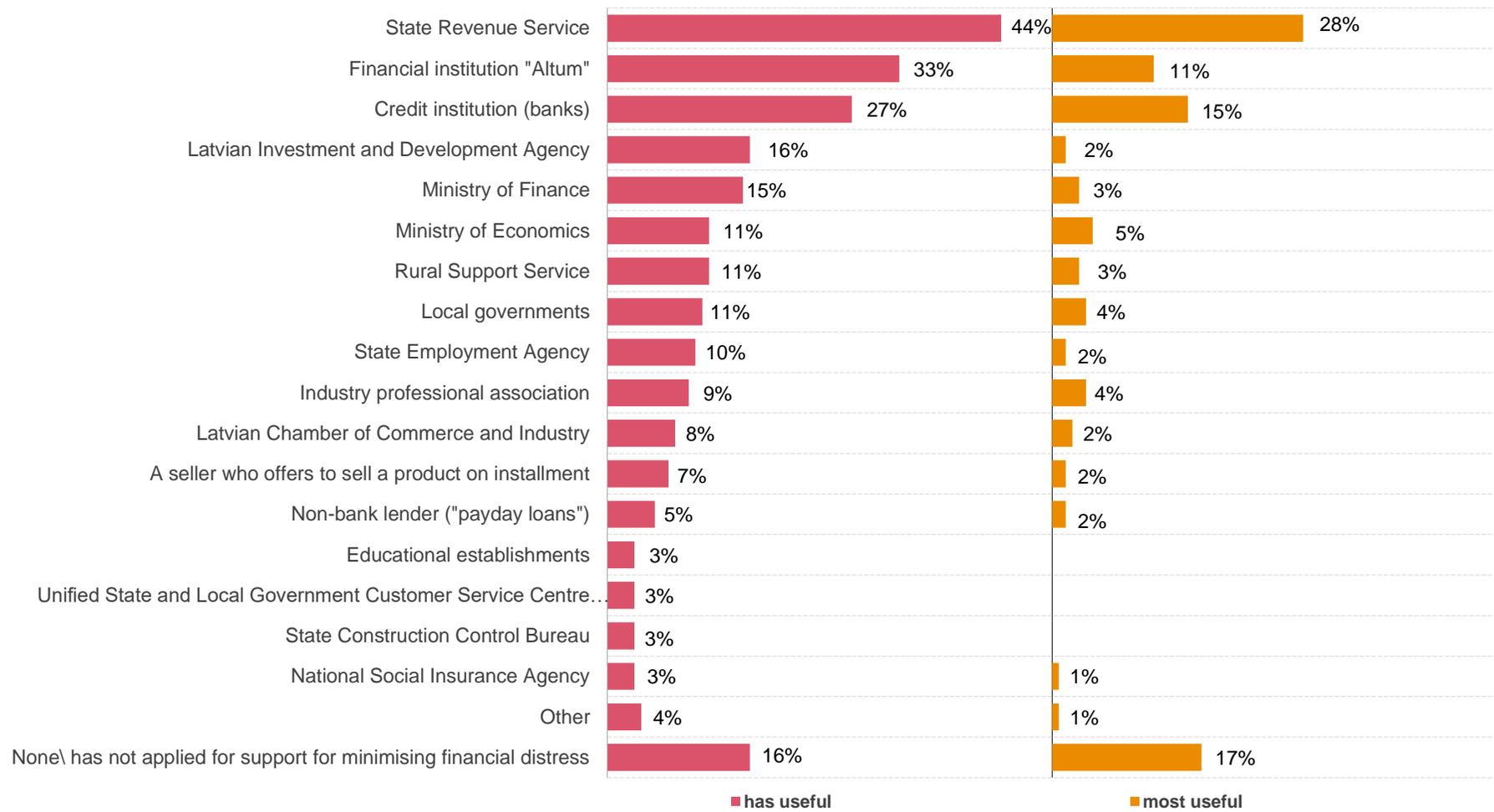


Figure 47. The survey questions: “Which institutions (organisations) have you used in the last five years to identify and address financial distress addressed to entrepreneurs/ self-employed?” or “Which information (organisations) did you find most useful in the last five years to identify and address financial distress?”



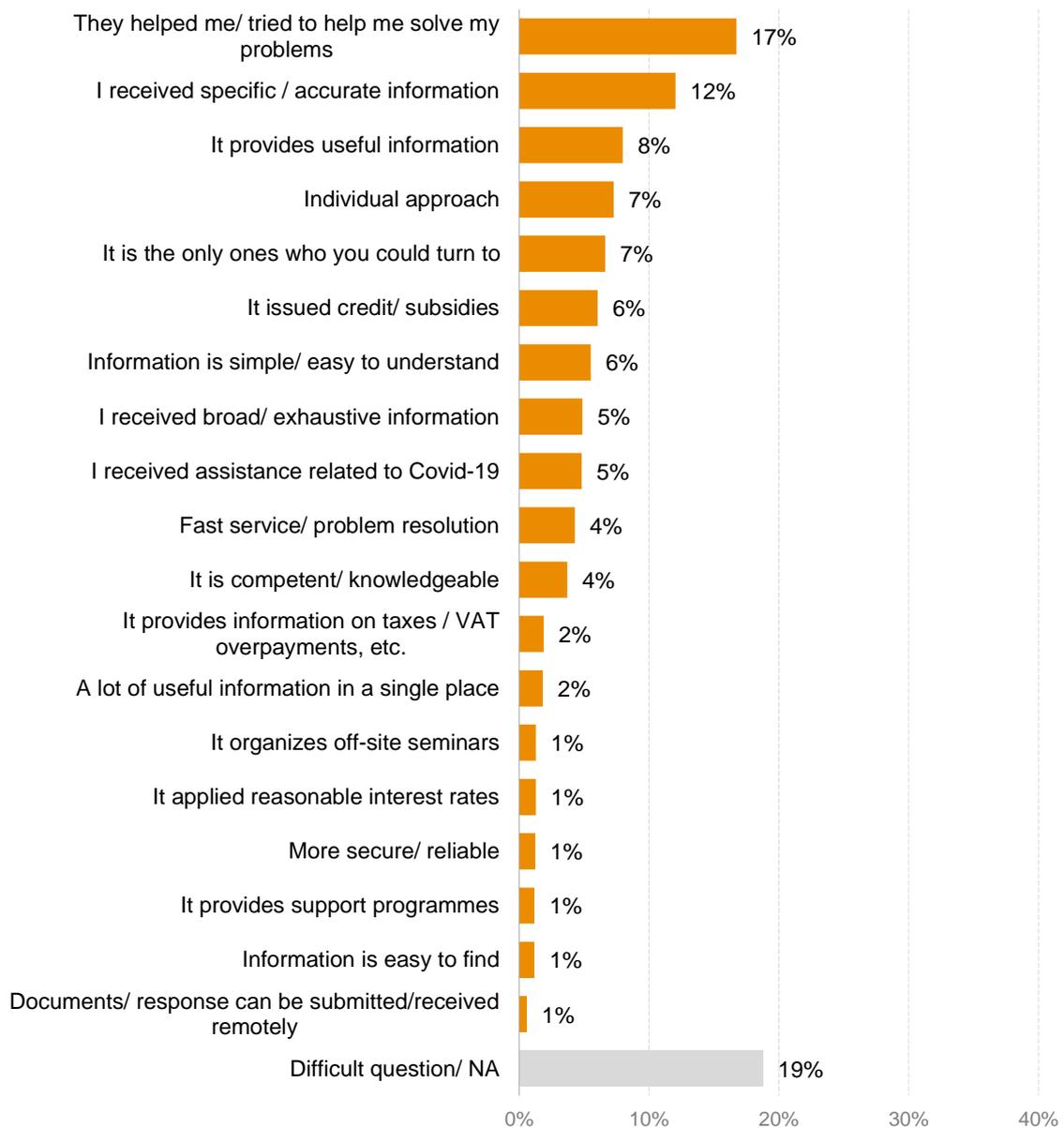
(Base = entrepreneurs who have searched for information for financially distressed entrepreneurs; n=80)



(Base = SMEs who have searched for information for financially distressed entrepreneurs; n=142)

Figure 48. The survey question: **“Please explain why... (THE NAME OF THE ORGANISATION) was most useful to you in practice?”**

Summary of results for all the named institutions/organisations:



(Base = respondents who named an organisation that provided the most useful information; n=185)

Respondents' comments:

- Because the algorithms used by the SRS to examine and rate entrepreneurs were explained. It was helpful to understand the steps to overcome difficulties without complicating them.
- They helped me understand, and interpret the Cabinet regulations regarding downtime during Covid -19
- Overdraft Agreement and International Factoring Agreement were concluded.
- Tax extensions, salaries, subsidies, grant financing

- There is a customer base with regular non-payers

Altum + commercial bank + deferred payments to suppliers. This package works well. It's not about getting information, but this is our daily practice.

Sample: respondents who have not sought information that could be useful to SMEs/ entrepreneurs in financial distress.

Figure 49. The survey question: "Imagine that your company is in financial distress, who you would turn to or where would you find information about getting help from the state or another source? **To whom or where you would turn first?**"

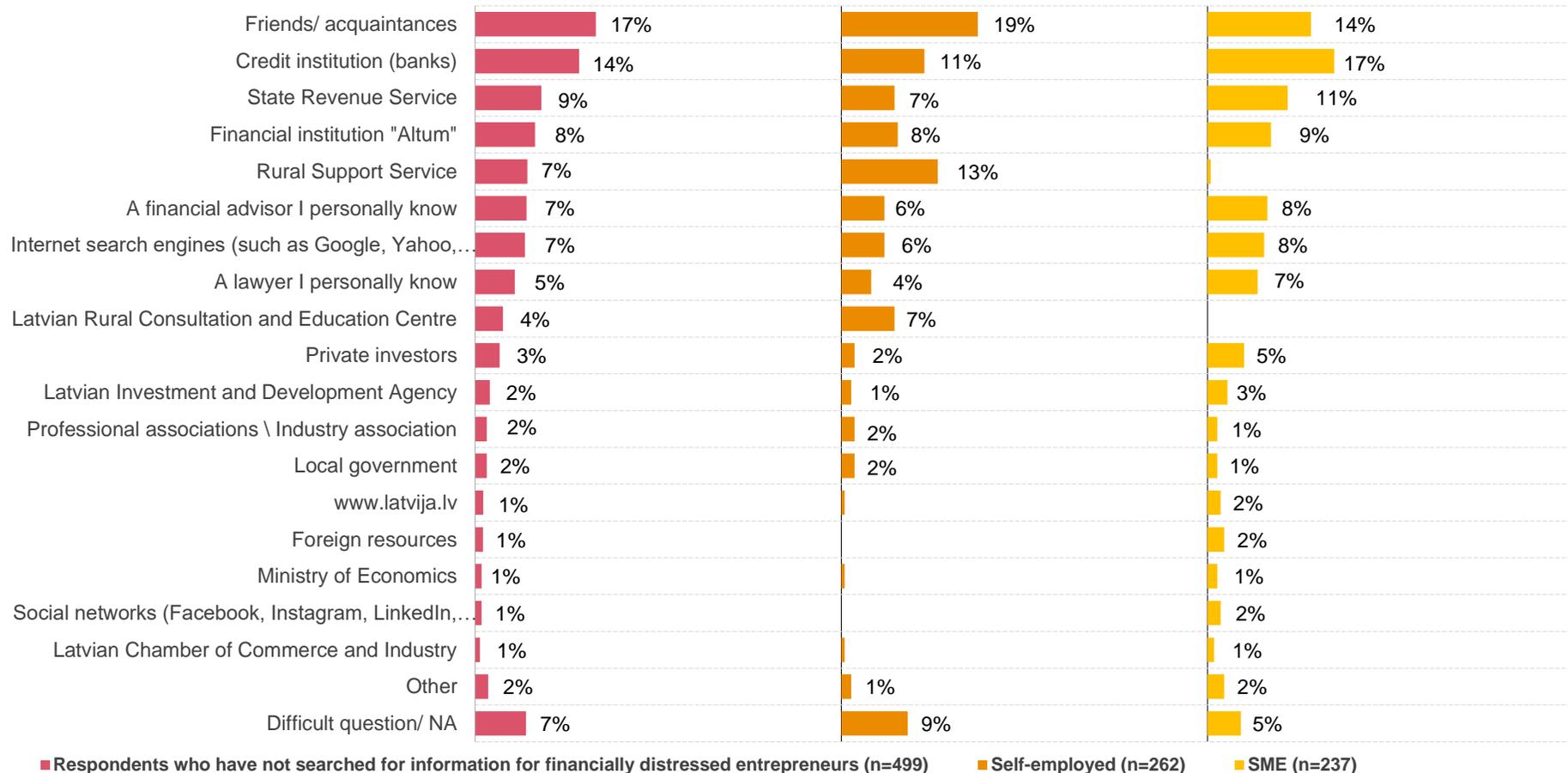
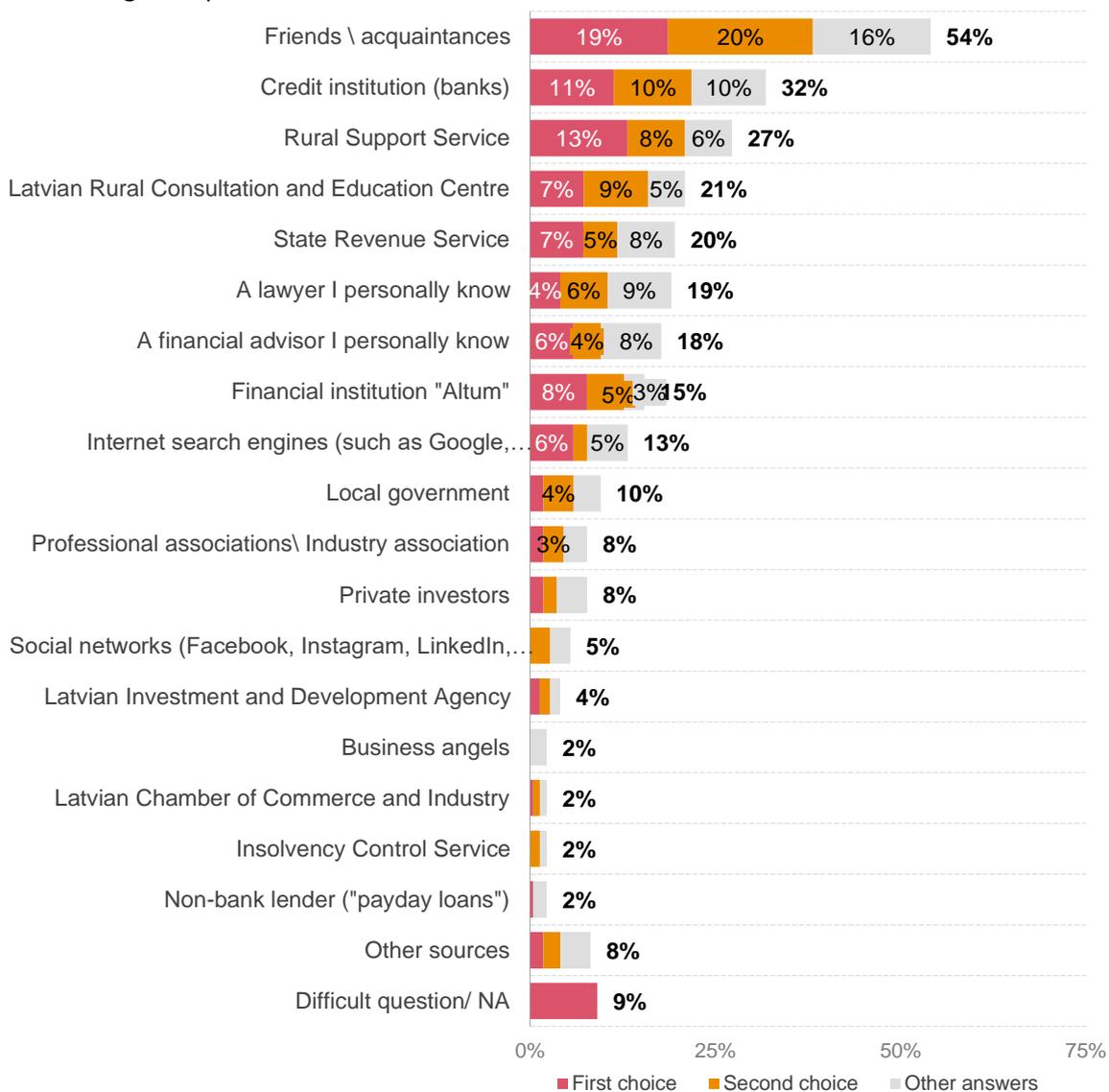


Figure 50. The survey question: “Imagine that your company is in financial distress, who you would turn to or where to find information about getting help from the state or another source.? **To whom or where you would turn first? And whom would you turn to next? And where else would you go?**”

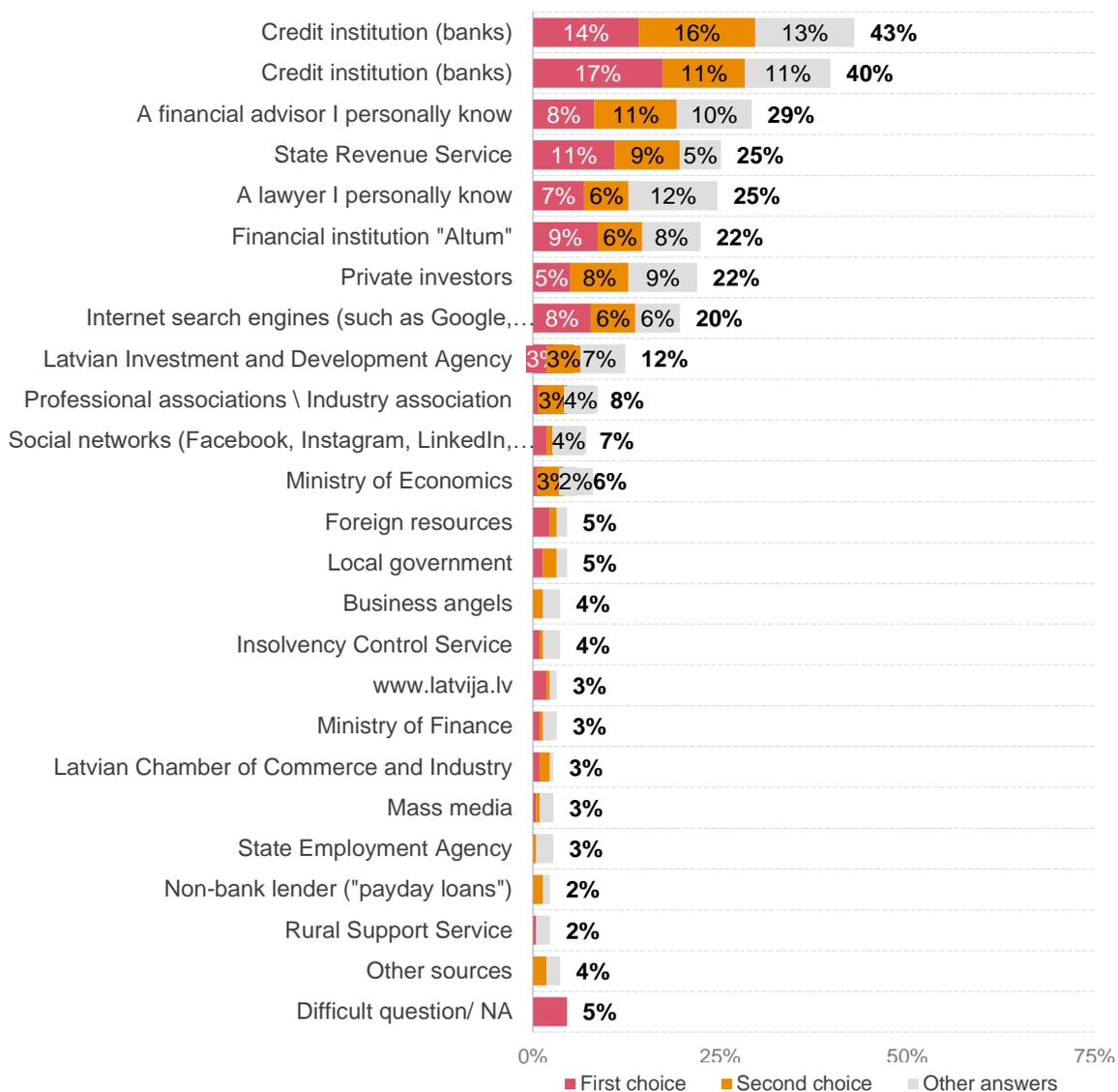
Results among entrepreneurs:



(Base = self-employed who have not searched for information for financially distressed entrepreneurs; n=262)

“Other sources” mentioned in the graph: foreign resources, the Ministry of Finance; the Ministry of Economics; State Employment Agency; Unified State and Local Government Customer Service Centre (USLGCSC); www.latvija.lv; Media; the Ministry of Agriculture.

Results among small and medium-sized enterprises:



(Base = SMEs who have not searched for information for financially distressed entrepreneurs; n=237)

“Other sources” mentioned (in the graph) - foreign resources; the Ministry of Finance; the Ministry of Economics; the National Employment Agency; the State and Local Government Unified Customer Service Centre (VPVKAC); www.latvija.lv; Media; the Ministry of Agriculture.

Figure 51. The survey question: “Have you ever borrowed funds to support your company or business (including, for example, buying goods on hire, on lease terms, using a credit line)?”

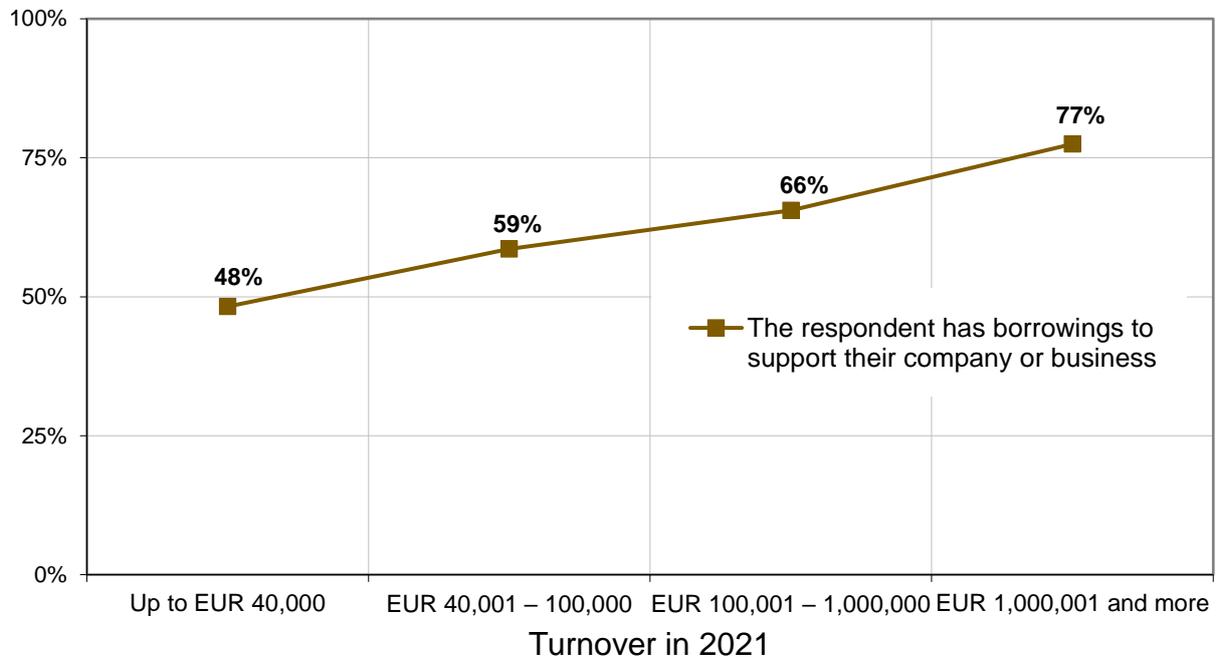
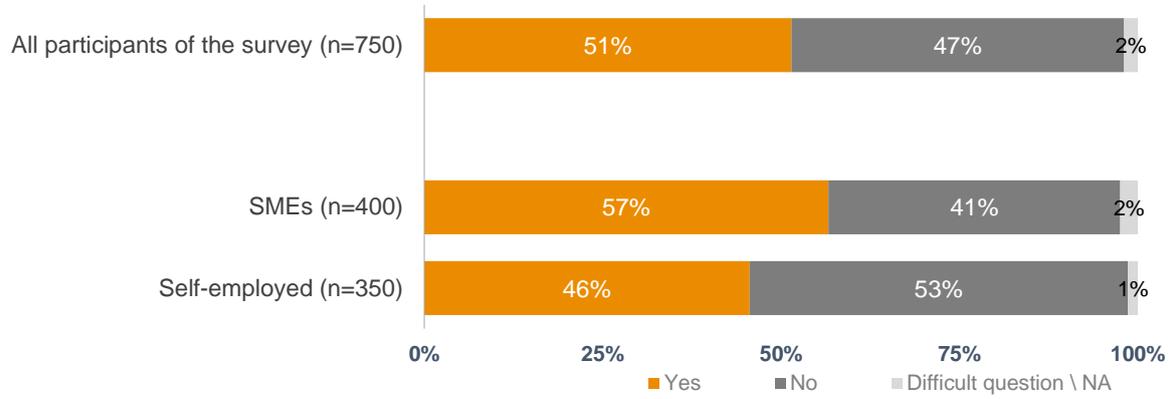
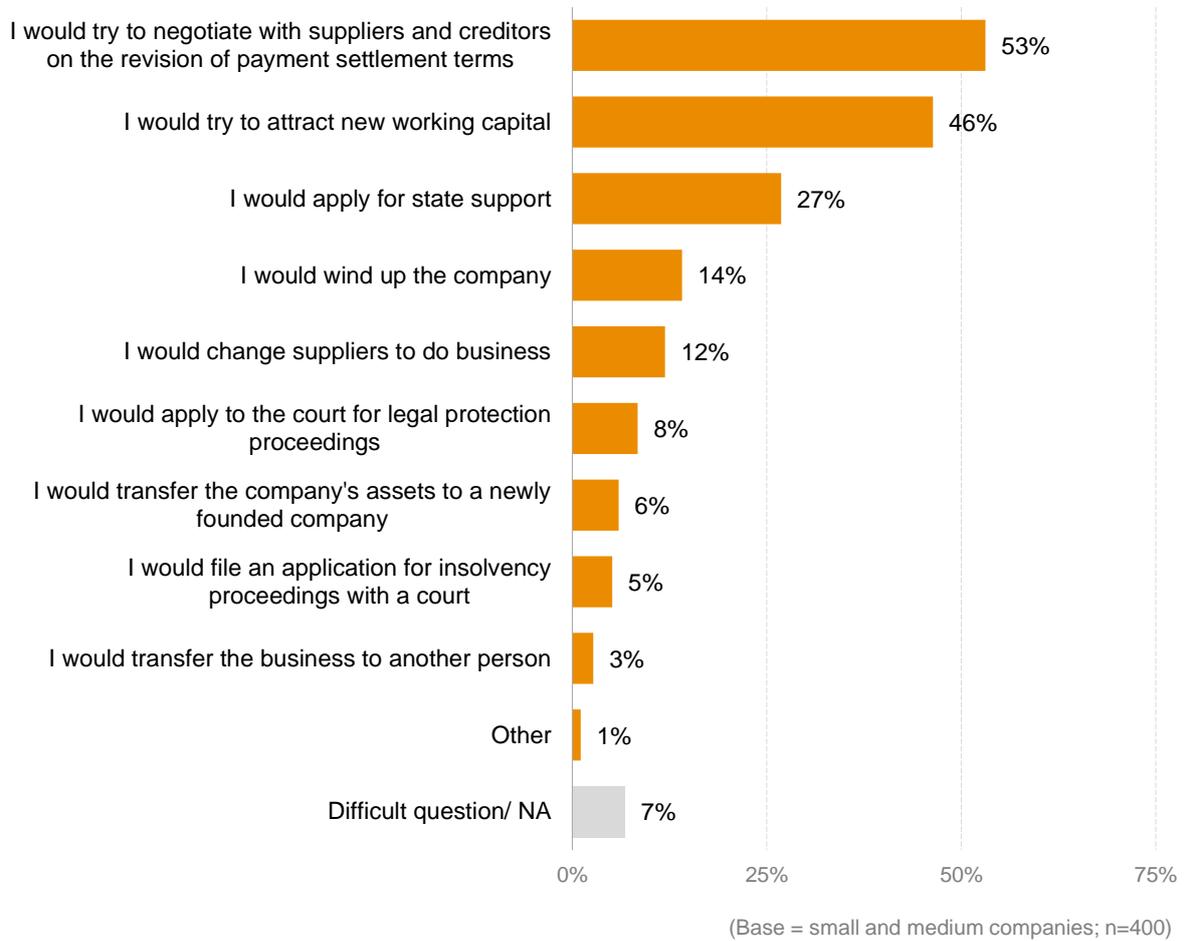
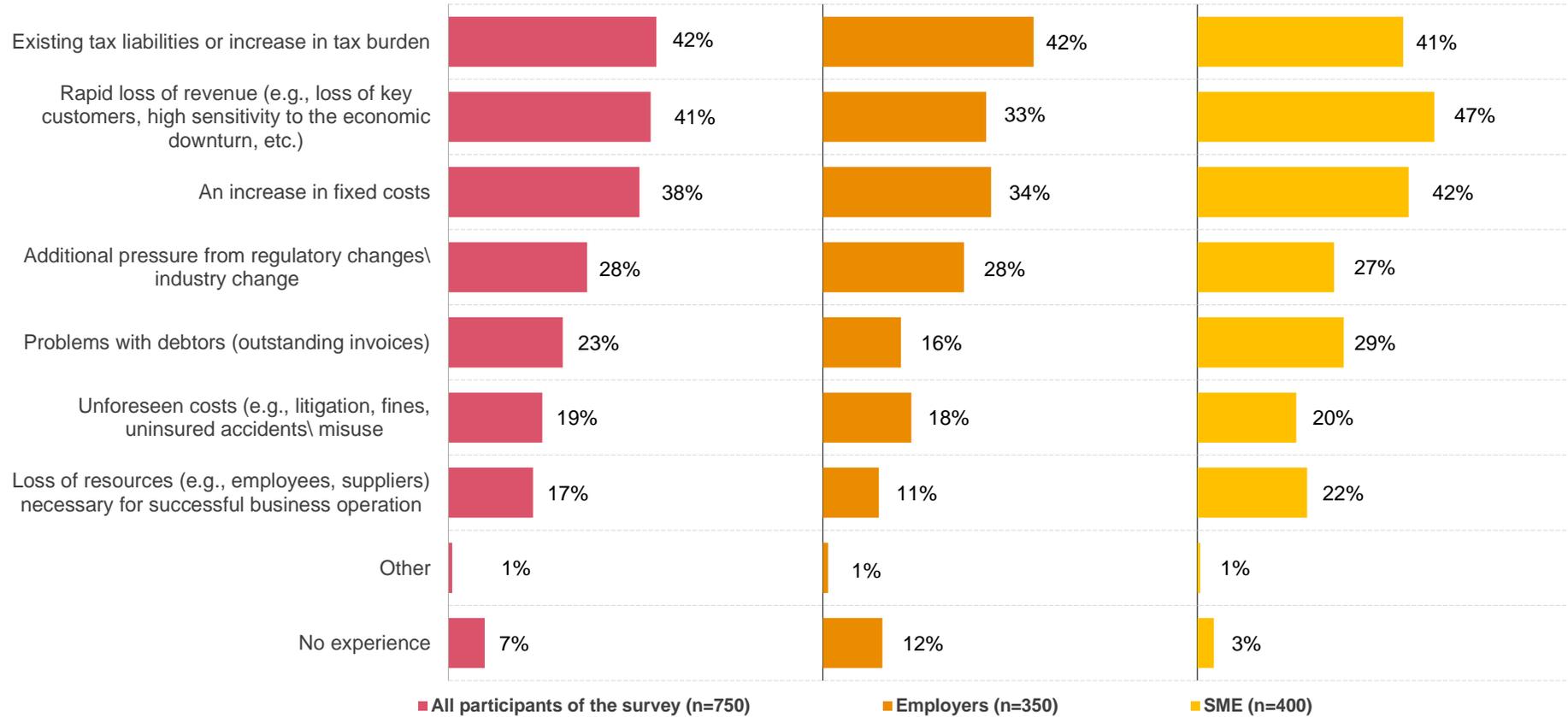


Figure 52. The survey question: “What would you do if you were in financial distress, but the State support was not available to you?”



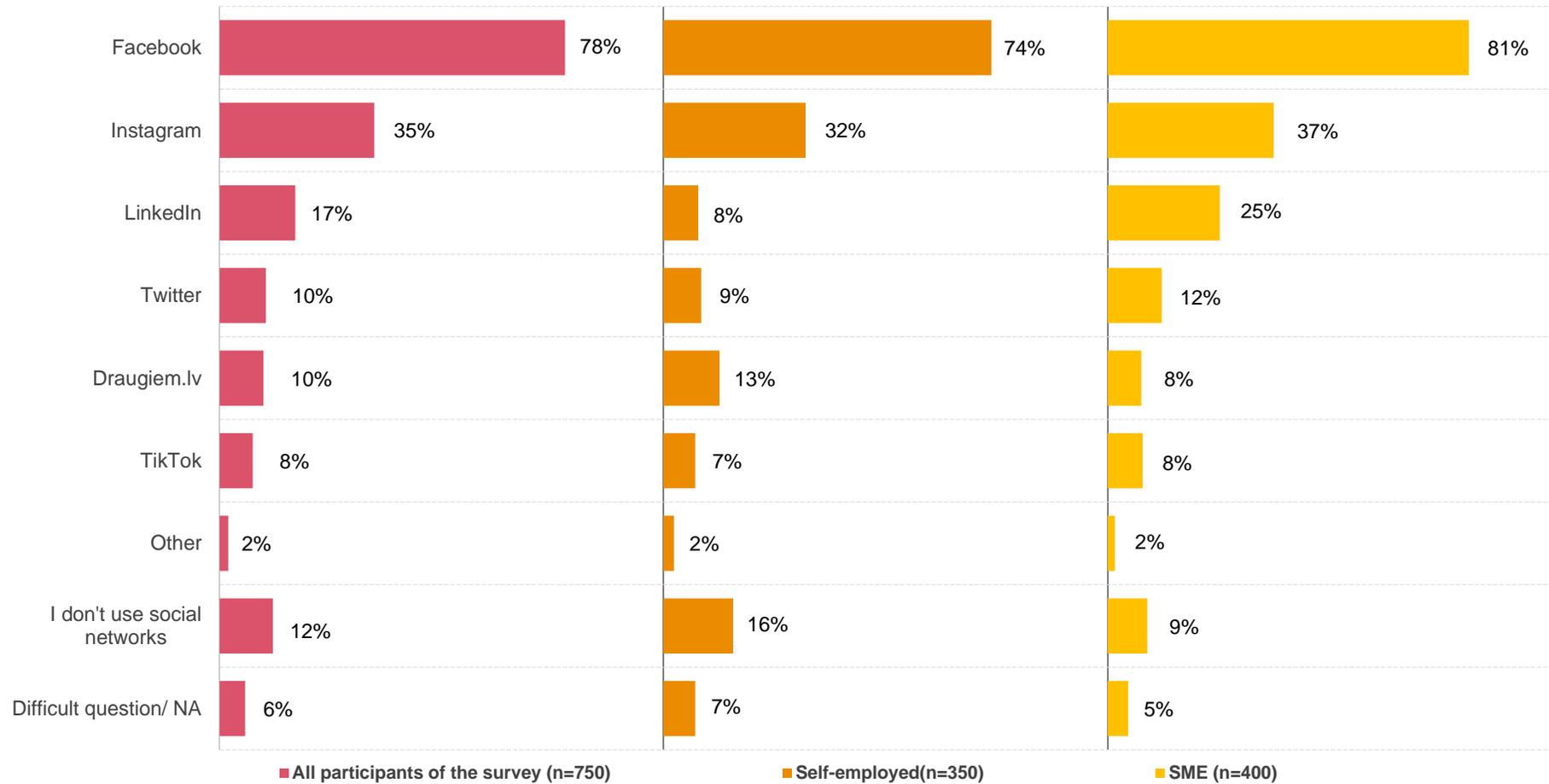
“Other” mentioned (in the graph) – *I would minimise expenses; I would leave the country.*

Figure 53. The survey question: “What causes of financial distress have you encountered while running your business?”



“Other” mentioned (in the graph): *Personal problems (family, etc.); Unavailability of short-term loans.*

Figure 54. The survey question: “What social networks do you use?”



WhatsApp was mentioned as “other” (graph); Inbox; VK.com; Telegram; Tinder.

Figure 55. The survey question: “Speaking of digital skills, can you...?”

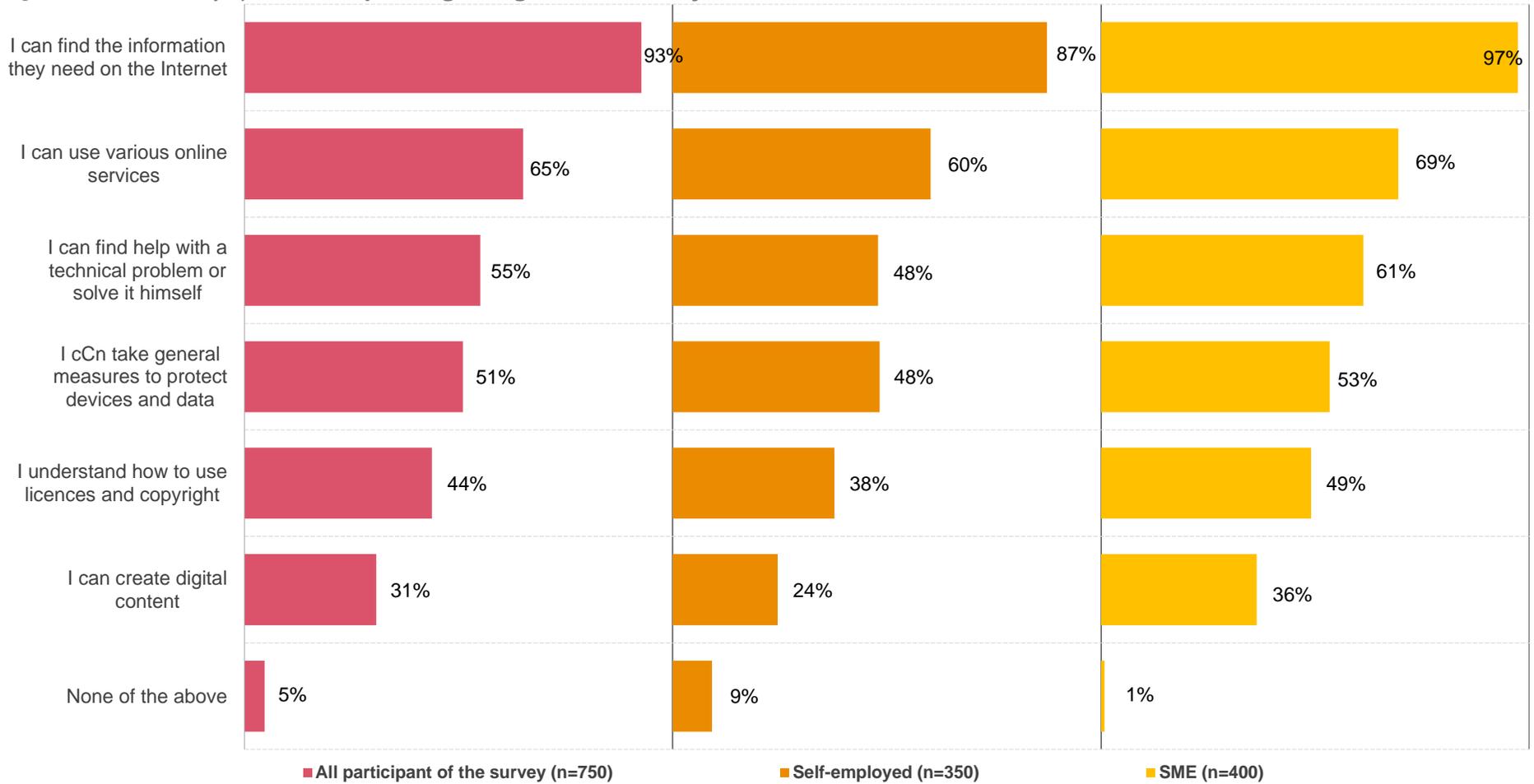


Figure 56. The survey question: “How do you rate your level of awareness of issues related to addressing financial distress in business?”

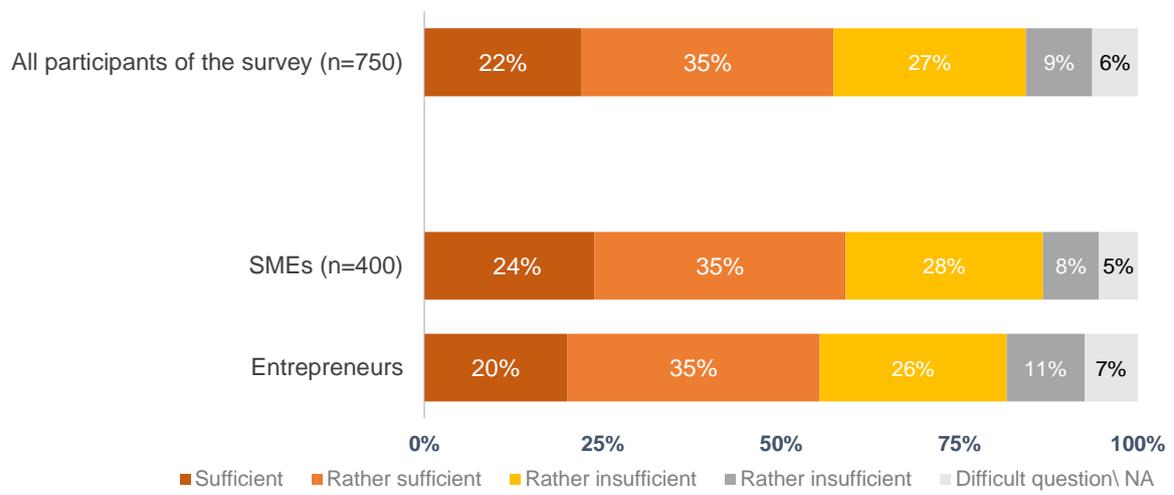
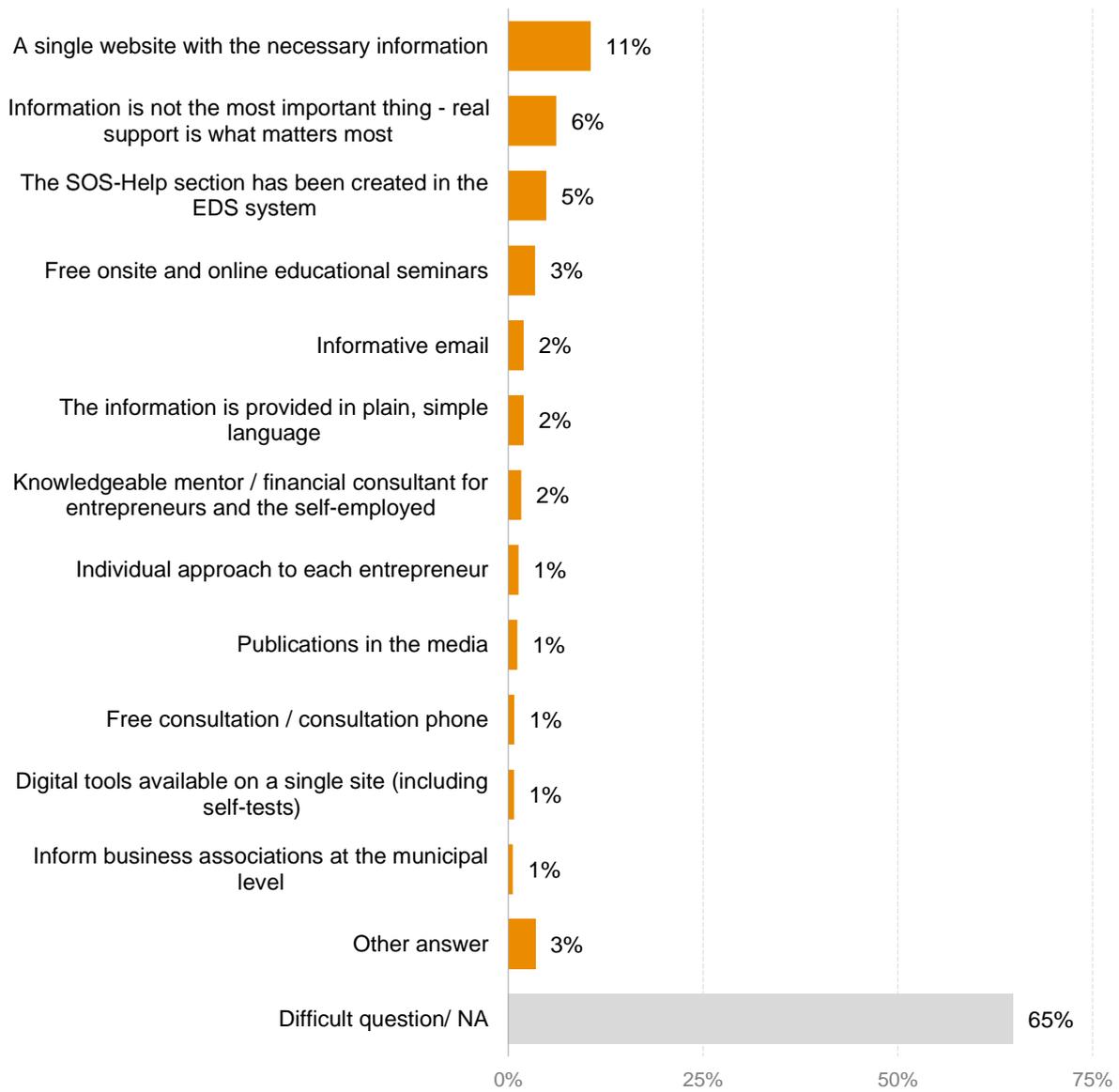


Figure 57. The survey question: “Maybe you have any recommendations/ suggestions on how you think the availability of information among entrepreneurs about the possibilities to timely address financial distress and receive support in case of financial stress could be improved?”



(Base = all participants of the survey; n=750)

Less commonly mentioned answers:

- Provide information through professional/ industry associations;
- Consultations at the municipality;
- Inform LCCI;
- Provide up-to-date information on Altum;
- Send informative SMS;
- Post information on news sites;
- Post information on social networks;
- Broadcasting on LR1;
- Provide information in thematic TV programmes;
- Provide legal advice;
- Create a separate section on [www.latvija.lv](http://www.latvija.lv);
- Provide information in printed form;
- Provide information in different languages.

Respondents' comments:

- *The SRS or some other institution should automatically perform an analysis of the company's annual balance sheet and automatically send a letter with key financial indicators along with recommendations on whom to turn to (indicating contact information).*
- *More specific and useful advice, and consultations from the SRS would be desirable, considering the needs of the respective company and not just formally pointing out – “read the laws and regulations”.*
- *Need to carry out a self-assessment test to find out what information you know and what you don't know*
- *Addressing the entrepreneurs at risk of financial distress, such as young, small, and sector-specific entrepreneurs, by contacting them, talking to them, and offering some materials, free consultations or training courses.*

Comments on the creation of a common website:

- *Website for gathering and regularly updating information on changes in legislation and state support measures.*
- *A common website with access to the required information and the possibility to contact the competent authority directly for further information.*
- *A common portal with information for the self-employed, exchange of experiences, discussions.*
- *The public administration must have a single, common website. Of a standard look and form. The creativity of each institution is simply admirable, whereas an entrepreneur who needs to find a way on his own daily and find information on a topic of his choice must be a magician.*
- *A website where you can learn about the most common situations and real-life stories of how entrepreneurs solved problems (successfully or unsuccessfully).*
- *There must be a common system, where all information is available, and purchases are visible, so you do not have to go through a thousand websites. A common site for the whole Latvia, broken down by region. The procurement tenders are also broken down by county.*
- *If such information is provided by central/local government authorities, it will make little sense. These employees do not have enough knowledge and understanding. For*

example, the SRS staff. One must ask a specific question through the EDS several times to get an answer.

Comments about EDS:

- *EDS is the right channel because everyone uses it. The necessary information may be offered there, rather than create new “wonders”.*
- *The website EDS could include links to find solutions and risk assessment tools, i.e., it could have a section EDS with instructions on how to address the problem.*
- *A common platform in the EDS system, where the search engine can find and perform the risk analysis, which would speed up and facilitate the process and solutions.*
- *Develop a formula for regular displaying of the company's liquidity ratio on the available portals, e.g., EDS.*

Comments that real support is what matters most:

- *Information is not the key - the tax burden needs to be reduced.*
- *Involve entrepreneurs more actively in public administration by addressing these matters through creating a special mechanism.*
- *Experience needs to be shared. Any matter must be addressed on its merits and not formally. There are already too many “dry” laws in our country.*
- *Interest on the part of public institutions. Awareness that the SRS and the State are employed by entrepreneurs, not the other way around. For example, the SRS should not immediately impose fines, but should help resolve the problems of its entrepreneurs.*
- *Remember that it is entrepreneurs who create what then someone can spend at all.*
- *Stop overburdening entrepreneurs with requirements and regulations of the various (parasitic) public authorities.*
- *There is enough information, the problem is inaccessible funding for new companies.*
- *Humane discussions in public institutions during formation of the credit obligations. All too often one is sent from one [civil servant] to another.*
- *Financial support is not required if the company can work. The Latvian State should simply not create obstacles and ban working, because then fulfilling the contractual obligations is rendered impossible.*
- *In this country, this would be useless, creating a site will not do anything. It is easier to solve something yourself – and it will be less costly! As Ostap Bender said: You can't gamble with the State.*
- *There is no longer any hope to expect that the State will support entrepreneurs. The employees of public authorities explain regulations in a contradictory way, which is why wrong choices are often made.*
- *Reducing the bureaucracy at the state level and tax burden would also reduce financial distress. The tax burden is one of the main causes of financial distress.*
- *Entrepreneurs would have fewer problems without so many controllers, punishers, and supervisors. The entrepreneur does not have time to work, but only must write up documents that are reviewed by different officials.*
- *The Government should ease the tax burden on small businesses and stop filling the State budget at the expense of small businesses, rather it should allow people and families to build their own small businesses.*
- *We should start with the laws that the SRS should follow unconditionally. There is currently a single tax payment date. If a company has overpaid VAT, it cannot be deducted from the taxes payable. We must pay the taxes in full.*
- *Start by implementing a tax system that encourages entrepreneurship and reduces public administration so as not to hinder work.*

- Reduce the administrative burden. There are too many builders of castles in the air.
- Implement the law on automatic debiting of taxes from my business account.
- Information is sufficient, but real support is not provided from the beginning
- Look at how entrepreneurship is supported in Estonia. There, the SRS works for the entrepreneurs, and not the other way around.
- If the SRS sees that a company has difficulties, it should not impose a penalty, but offer support. If you see that the taxpayer is unable to pay taxes for two months, tools to address the problem should be forwarded to the entrepreneur, to get him back on his feet.

Figure 58. The survey question: “How do you rate your knowledge of corporate financial management?”

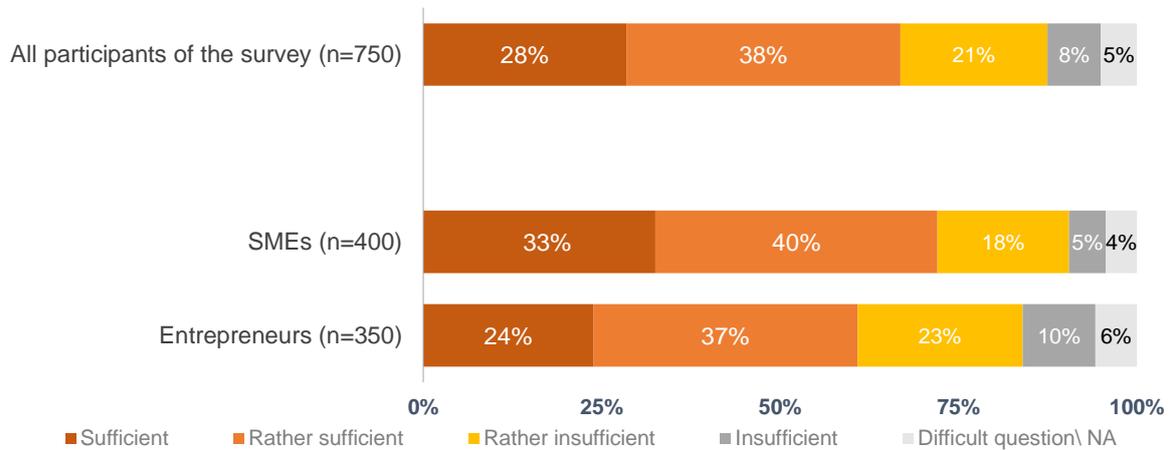


Figure 59. The survey question: “In your opinion, how useful would it be to create a common website where information on the solutions offered by various institutions and organisations to minimise financial distress for entrepreneurs? Would you ...?”

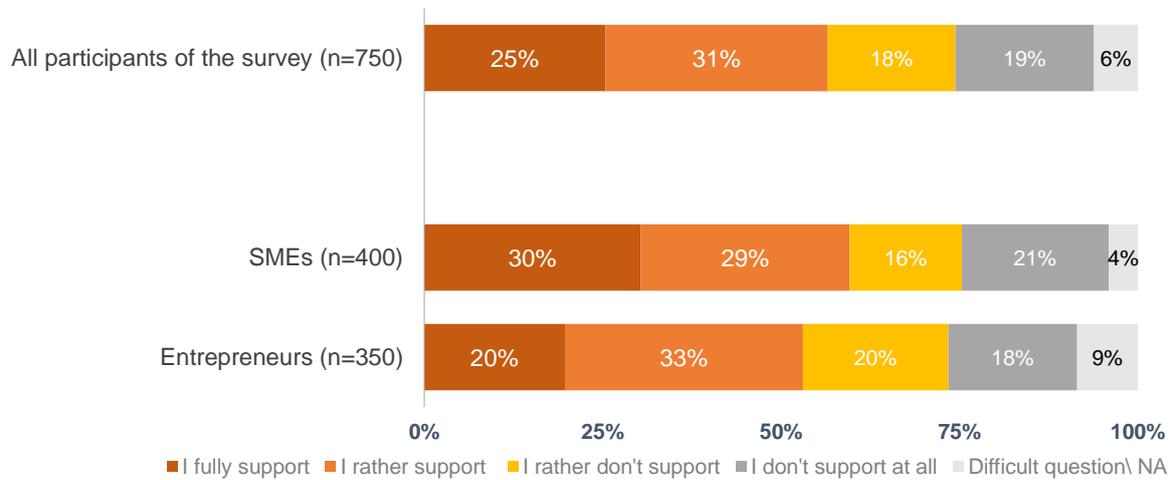


Figure 60. The survey question: In the last five years, have you searched for information that could help entrepreneurs and the self-employed to address their financial distress?”

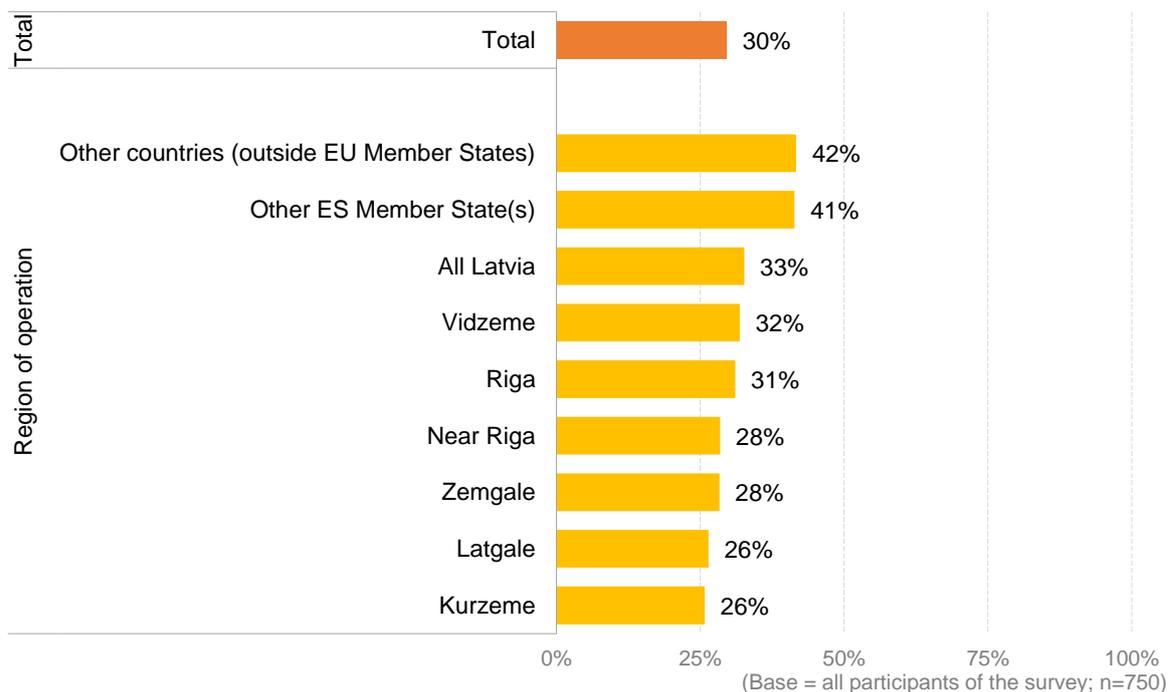


Figure 61. The survey question: “How do you rate your level of awareness of the matters related to managing financial distress in business?”

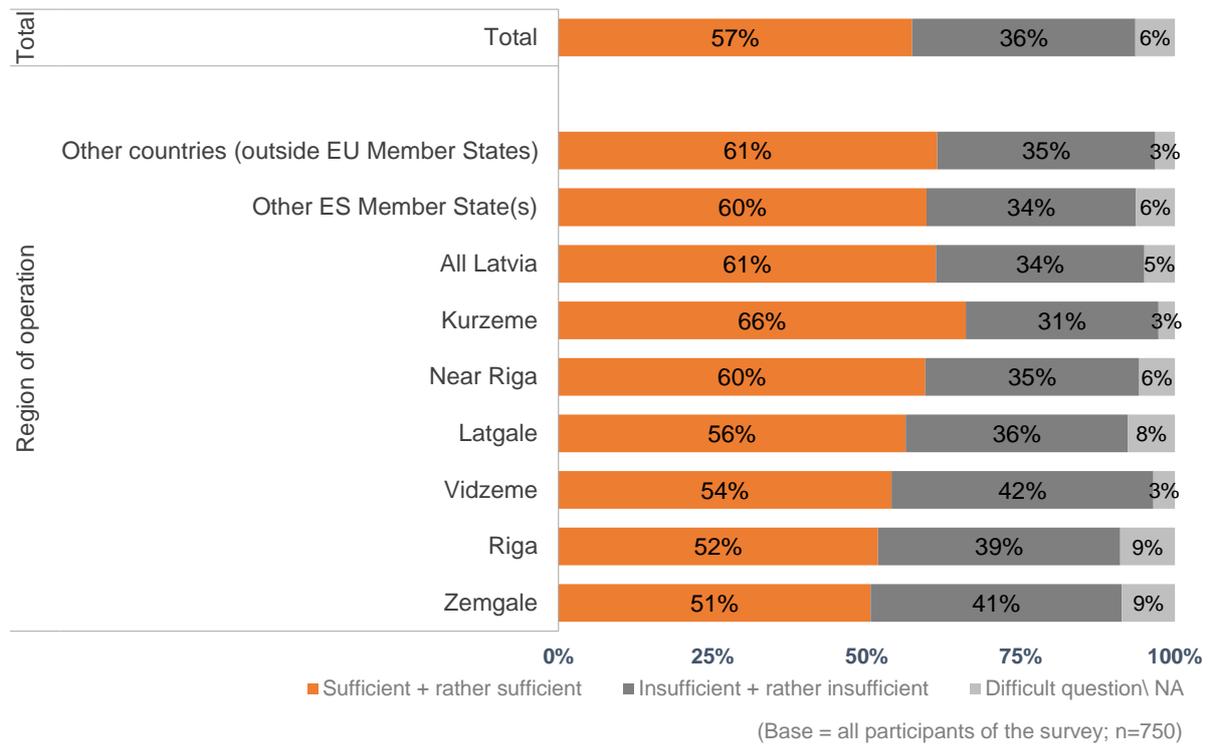


Figure 62. The survey question: “What do you think is the possibility that you will face serious financial distress in your business in the next five years?”

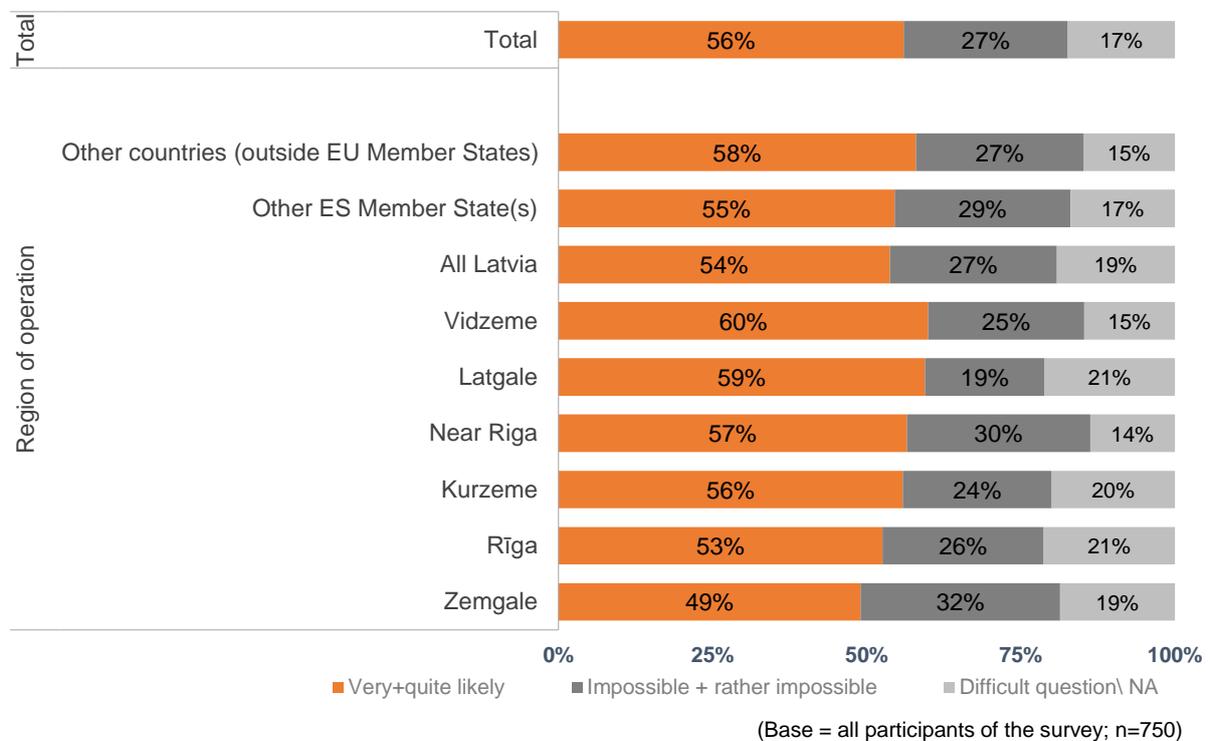
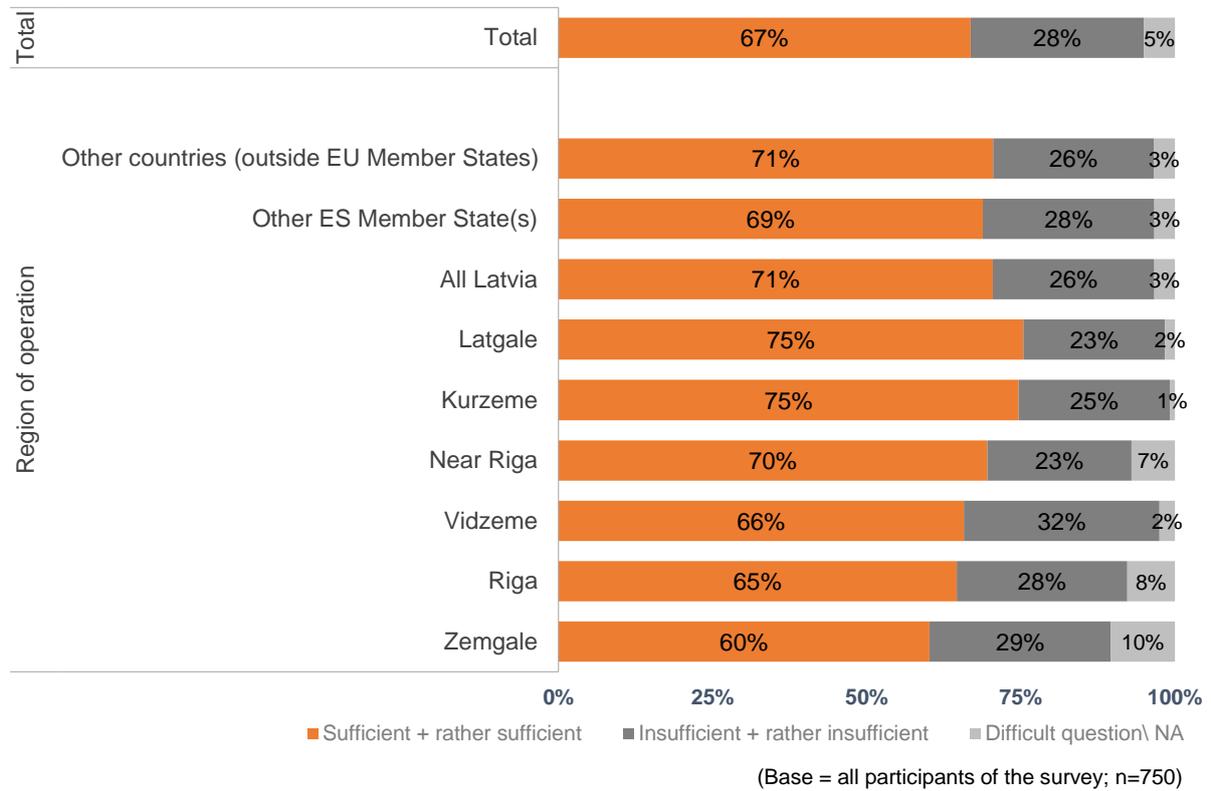


Figure 63. The survey question: “How do you rate your knowledge of corporate financial management?”



## Annex 8. Digital information sources developed by institutions and organisations that participated in the working group and organised participation activities

Abbreviations used in the table: 1 - Consumers 2 - SMEs 3 - Entrepreneurs

| Source  | Description   | 1 | 2 | 3 |
|---|---|---|---|---|
| <b>Websites of institutions and organisations</b> |   |   |   |   |
| <b>Website of the MoJ</b><br>tm.gov.lv            | Information on the insolvency policies of legal persons and natural persons.<br><ul style="list-style-type: none"> <li>Section "Sectoral policy": Releasing of individuals from debt obligations and the Insolvency policy (Including Guidelines for OOCR Principles, Guidelines for successful resolution of business debt problems, etc.).</li> </ul>   | ✓ | ✓ | ✓ |
| <b>Website of the MoW</b><br>lm.gov.lv            | Information on welfare sector policies (e.g., support for integration into the labour market, available social benefits, and allowances).<br>Section "Sectoral policy": labour market (including Recruitment, subsidised employment, starting a business or self-employment), pensions and benefits (including benefits, municipal social assistance), disability (benefits), etc.  | ✓ | ✓ | ✓ |
| <b>Website of the MoE</b><br>em.gov.lv            | Information on commercial activity and sectoral policies of the internal market (e.g., support measures during the COVID-19 pandemic and rising energy prices).<br>Section "News" (including support measures for entrepreneurs in times of COVID-19; support for reducing energy prices, etc.)<br>Section "Sectoral policy": internal market (including consumer rights).  | ✓ | ✓ | ✓ |
| <b>Website of the MoF</b><br>fm.gov.lv            | Information on support for sole traders and consumers in times of COVID-19 (e.g., institutional support for business continuity, downtime benefits and moratorium).<br>Section "Sectoral policy": control of commercial activity (Including support measures for commercial activity)<br>Section "Support for entrepreneurs" and "Support for Employees"<br>Section "News" (including support for companies and employees affected by Covid-19; information on downtime benefits for the self-employed; information on the moratorium for natural persons and legal persons)<br>Videos on state support in time of COVID-19: Experience shared by entrepreneurs | ✓ | ✓ | ✓ |
| <b>Website of the ICS</b>                         | Information and materials for natural and legal persons on insolvency proceedings and a description of the steps in the process   | ✓ | ✓ | ✓ |

| Source   | Description  | 1 | 2 | 3 |
|--|--|---|---|---|
| <a href="http://mkd.gov.lv">mkd.gov.lv</a>                                 | Section "Insolvency" (including OOCR, LPP, insolvency proceedings of a legal person, insolvency proceedings of a natural person)<br>Infographics and video materials (incl. "What services can be obtained at the Insolvency Control Service?", "Communication the administrator", "Who represents the debtor in the insolvency proceedings?", "Five tips before applying to the Insolvency Control Service with a complaint about the administrator's actions", "How to recover the undisbursed salary", "Natural person insolvency proceedings", etc.)   |   |   |   |
| <b>Website of the SEA</b><br><a href="http://nva.gov.lv">nva.gov.lv</a>    | Information and materials about assistance available to the employer and the job seeker (e.g., assistance with entering the job market, starting a business, and perfecting financial competencies).<br>Section "Services": job opportunities (including support measures for wage subsidies, subsidised jobs for employers who employ the unemployed; support in case of mass layoffs); looking for a job (incl. support for job search, support for starting a business, and for starting self-employment - advice and financial support)<br>Infographic and informative materials (including "SEA services for employers", "Wage subsidy support measure", "Support measures for the unemployed with addiction problems", "Financial literacy: taxes", Undergoing the e-learning course "My money today and tomorrow. Financial literacy" for releasing a natural person from debt obligations, etc.)   | ✓ | ✓ | ✓ |
| <b>Website of the SRS</b><br><a href="http://vid.gov.lv">vid.gov.lv</a>    | Information and materials for natural and legal persons (for example, support for the continuation of economic activity and information on starting, reorganising, and terminating economic activity).<br>Section "Taxes" (incl. Extensions and relief of tax debts)<br>Section Covid-19 (including Wage subsidies for employees, self-employed, and patent payers, grant to ensure the flow of working capital, the extension of the deadline for submission of the annual report, refund of overpaid VAT)<br>Section "For Companies" (including reorganisation of companies, liquidation)<br>Section "For Individuals" (including First steps for entrepreneurs, sole traders)<br>Infographic and informative materials (including "Recommendations for filling in the application "Application of a company affected by the COVID-19 crisis for the provision of support for ensuring the flow of working capital" for micro-enterprises and self-employed persons", etc. | ✓ | ✓ | ✓ |
| <b>Website of the CRPC</b><br><a href="http://ptac.gov.lv">ptac.gov.lv</a> | Information and materials for consumers about borrowings (for example, consumer rights, opportunities, and tips for successful borrowing).<br>Section "Covid-19 news" (including credit holidays and other options to reduce payments; late payment interest that may be charged by the lender)<br>Section "Financial Services" (including on ways to save, responsible borrowing, advice on out-of-court debt recovery process, advice on concluding a mortgage loan agreement)<br>Section "News" (including "It is important for consumers to understand the type of service when borrowing", "Confusing lines of credit", "Limiting the amount of default interest, the extension of the term of the debt recovery proceedings in relation to Covid-19")  | ✓ |   |   |

| Source  | Description   | 1 | 2 | 3 |
|---|---|---|---|---|
|   | Video materials (including “Towards the mastery of life”, and “Borrowing responsibly”).   |   |   |   |
| <b>Website of the FCMC</b><br>fktk.lv                               | Information on the financial literacy of consumers and materials for improving financial skills<br>Section “News” (for example, the results of the survey of the financial literacy of the Latvian population 2019)<br>Information graphics, for example, “How to take care of your future from your first salary?”, “Financial literacy strategy of Latvian population 2021–2020”, “Financial literacy of the Latvian population”  | ✓ |   |   |
| <b>Website of LEC</b><br>liddk.lv                                   | Information on support available to the members of the association<br>Section “Support for business” (advice to members on improving the business environment, improvements in the fields of education, employment, social security, health care, labour law and employment protection)   |   | ✓ |   |
| <b>Website of the LBA</b><br>kreditnemejuasociacija.lv              | Information on assistance to borrowers <ul style="list-style-type: none"> <li>• Section “About us” (e.g., the goals and functions of the association)</li> <li>• Section “Insolvency” (e.g., current developments concerning natural persons in insolvency proceedings, extension of the term for entry into force of the Law on Debt Relief)</li> </ul>  | ✓ | ✓ | ✓ |
| <b>Website of the FNA</b><br>financelatvia.eu                       | Information and materials on current events in the banking industry, cooperation documents for customer support<br>Section “Industry documents” (including “Moratorium for natural and legal persons, recrediting)<br>Presentation materials (including “Will banks continue to finance business in 2022?” (includes conditions for availability of loans for enterprises), “Determinants of credit rates and the ability of enterprises to borrow”, “Bank support for enterprises and households”) | ✓ | ✓ | ✓ |
| <b>Website of LAIA</b><br>administratori.lv                         | Information about training organised by the association <ul style="list-style-type: none"> <li>• Section “About the Training centre” (for example, information about training, including on accounting matters, tax news, etc.)</li> </ul>  |   | ✓ | ✓ |
| <b>Thematic sites created by the institutions and organisations</b> |   |   |   |   |
| <b>Website created by the CRPC</b><br>parads.ptac.gov.lv            | <b>An educational campaign by the CRPC has created a website that encourages people to critically evaluate their creditworthiness and encourages them to plan their private budgets for the long term.</b><br>The site provides information on different types of credit, debt relief, a guide to making an informed decision, and more.  | ✓ |   |   |
| <b>Website maintained by the BoL</b><br>finansupratiba.lv           | <b>The <i>Naudasprasme</i> brand allows you to identify projects, activities, organisations, and institutions that promote the skill of money and address anyone who is ready to become a real connoisseur of money.</b><br>The site provides materials related to financial literacy (e.g., financial literacy strategy, competency standard for financial literacy for adults and population financial literacy research), as well as information on the annual financial literacy week, etc.     | ✓ |   |   |

| Source  | Description  | 1 | 2 | 3 |
|---|--|---|---|---|
| <b>Website maintained by the BoL</b><br>naudasskola.lv  | <b>An economic literacy website that provides explanatory and educational information to a wide audience (students, teachers, and anyone who is not an expert in economics).</b><br>The website contains materials related to financial literacy, 10 truths about money (including “Don’t live for one day”, “Save for a white day” and “Easy to borrow, harder to give away”), interactive materials, games, etc. | ✓ |   |   |
| <b>Website maintained by the BoL</b><br>klientuskola.lv | <b>An independent and non-commercial educational portal to promote the financial literacy of the population.</b><br>The site provides information on investment, deposit, credit, settlement, and insurance aspects, explanations of terms, answers to questions, etc.   | ✓ |   |   |
| <b>Assessment tool</b>                                  |  |   |   |   |
| <b>SRS’ EDS</b><br>eds.vid.gov.lv                       | Taxpayers’ rating system<br>A tool designed to inform taxpayers about whether their economic performance is in line with general economic trends; to motivate taxpayers to follow and improve the discipline of tax compliance; to provide taxpayers with a tool to inform their partners about their reputation, tax compliance discipline, and compliance with general economic trends.                          |   | ✓ | ✓ |
| <b>CRPC</b><br>parads.ptac.gov.lv                       | <b>Debt calculator</b><br>A tool to find out how much it costs to take out a loan of up to EUR 5,000 for people whose income does not exceed EUR 2,000   | ✓ |   |   |
| <b>BoL</b><br>klientuskola.lv                           | <b>Financial literacy index</b><br>A tool to find out your individual financial literacy level in 7 topics, as well as to get the overall result and compare it with the average financial literacy index of Latvian population  | ✓ |   |   |
| <b>BoL</b><br>klientuskola.lv                           | <b>Financial viability test</b><br>A tool to find out how strong your financial viability is.  | ✓ |   |   |
| <b>Training modules</b>                                 |  |   |   |   |
| <b>NEA</b><br>nva.gov.lv                                | E-learning module “My money today and tomorrow. Financial literacy” for debt relief of a natural person  | ✓ |   |   |

| Source   | Description  | 1 | 2 | 3 |
|--|--|---|---|---|
| <b>Methodological materials and guidelines</b>   |  |   |   |   |
| Publicly available information   | The CRPC's methodological material "Towards the mastery of life"   |   |   |   |
|  | The methodological materials of the MoW and the MoJ "Legal, psychological, ethical and everyday aspects of marriage. Module: Financial literacy"   | ✓ | ✓ | ✓ |
|  | The MoJ methodological material "Best practice guidelines in the decision-making process for companies in financial distress"  |   |   |   |
|  | Guidelines of the MoJ "Out-of-Court Debt Restructuring"  |   |   |   |
| <b>Events</b>  |  |   |   |   |
| Publicly available information   | Financial literacy week  |   |   |   |
|  | "Financial literacy considering the renovation of housing"   |   |   |   |
|  | Webinar "How to successfully solve business debt problems?" (the MoJ's material)   |   |   |   |
|  | Seminars on current events, such as "Extension of the tax payment deadline for companies affected by the Covid-19 crisis", "Wage subsidies - Seminar for the self-employed, authors and patent payers", etc. | ✓ | ✓ | ✓ |
|  | Training activities, including "Finance Day" - information for SMEs on financial instruments, raising financing for company development (factoring)  |   |   |   |
| Educational activities and training, such as "Discussion: Will banks continue to finance business in 2022? " |  |   |   |   |

# Annex 9. A detailed description of foreign best practices

## Germany



**Best practice elements:** thematic websites, consultative mechanism

**Best practice addressed to:** SMEs and entrepreneurs

**Institutions and organisations involved in communication:**

- Thematic websites: public authorities (Federal Ministries), municipal authorities (Professional Information Centres)
- Consultation mechanism: non-governmental organisation (*Team U*)

## Consultative mechanism

The non-governmental organisation *Team U*<sup>3</sup> has been providing support to German SMEs and entrepreneurs in financial difficulties since 2007. *Team U* is a social enterprise that strives for high social impact by providing volunteer support and advice from a network of experts. *Team U*'s activities are aimed at moving the entrepreneur away from the insolvency situation. It has two main objectives:

- To help merchants avoid insolvency,
- To help companies that have already gone bankrupt to recover both professionally and privately.

### Consultation content

To provide the best possible support, *Team U* consultants assess the status of the company.

**During the initial procedure**, three important questions that help assess the current situation of the company are answered:

- What is the current situation of the company?
- What does the company want to achieve?
- What is necessary to achieve this?

**Based on the results of the initial procedure**, various support measures are offered aimed at the recovery of the company, as well as psychological support for the company's executives to help them recover from the unpleasant situation. *Team U* does not provide legal and financial advice. If necessary, *Team U* recommends specialists to whom one can turn (including those with whom a fixed-rate consultation has been arranged).

### Consultation format

*Team U* uses various formats to provide support:

- **Communication through digital and direct communication channels.** Each entrepreneur can contact *Team U* free of charge through one of three channels - by phone, by email or by filling out a contact form. *Team U* asks entrepreneurs to contact them as soon as possible so that they can start addressing financial distress as soon as possible.
- **Individual consultations with *Team U* volunteers.** Every entrepreneur can get free consultations. They are conducted by professionally trained volunteers who are themselves entrepreneurs and have experienced financial difficulties.
- **Individual consultations with external experts.** If necessary, entrepreneurs are advised to contact external experts, such as credit institutions that are prepared to address financial difficulties.

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<sup>3</sup> [Early Warning Europe, 2022. TEAM U, Germany](#)

- **Events and projects.** For example, the Anonymous Insolvency support group offers assistance in avoiding insolvency directly. The group aims to show entrepreneurs that they are not the only ones facing financial distress and that mutual support can help.

## Thematic websites

Their purpose is to inform you about the possibilities of starting and doing business in Germany. The study identified two websites:

**Grunder Plattform** ([gruenderplattform.de](http://gruenderplattform.de)) is a free online platform for both those who are still looking for an idea and those who are already ready to start a business. The platform was set up by the Federal Ministry of Economics and Energy together with the KfW Development Bank.

### Structure of the websites

The website is divided into four sections (foundation; planning; financing; construction). The site contains useful information for all prospective or existing entrepreneurs. Registered users are offered aggregated information on available advice, support, and funding opportunities in the region where the business operates.

### Website contents

- Information is compiled on all types of financial assistance offered. For each financial aid, a detailed description of the requirements, advantages, disadvantages, and costs is provided.
- The person seeking financing is given an overview of all types of financial assistance offered by different institutions.

**Handbook Germany** ([handbookgermany.de](http://handbookgermany.de)) is a website created as part of the project that provides information on various matters. The project was funded by the Federal Government Commissioner for Migration, Refugees, and Integration. **The website has a separate section for information on starting, financing, and exiting a business, as well as information on obtaining self-employment status, operating principles, and logging out of the system. The content is tailored to each target group.**

### Website structure

The website has four sections (live; study; rights and laws; work). The main target audience of the website is both would-be and existing German entrepreneurs. Several related topics are described below each main section. Each topic has a general description and questions and answers about that topic. For example, under the "Work" section, information is provided on the topic "Starting a job as a self-employed person". It explains who is self-employed in Germany and answers various questions at both the start-up and exit stages.

### Website content

- Starting a job as a self-employed person. The section contains 17 questions from different stages of business with easy-to-understand answers and, if necessary, links to other sources.
- Foundation of a company. The section contains 16 questions from different stages of the company's activity with easy-to-understand answers and, if necessary, links to other sources.

### Information presentation form (**Grunder Plattform** and **Handbook Germany**)

- **User-friendly structure and design.** The information is organised by key topics to help the user navigate. The websites are created without publishing too much information. The modern design facilitates navigation through the information offered.
- **Multilingual functionality.** *Handbook Germany* offers content in seven different languages. It is possible to read the text and listen to it in each language. It is possible to read and listen to the text in each language.
- **Search function.** The information available on the website is easy to find using the search function.



**Best practice elements:** consultative mechanism

**Best practice addressed to:** SMEs and entrepreneurs

**Institutions and organisations involved in communication:** Public authority (Danish Business Development Council)

## Consultative mechanism

*Early Warning Denmark*<sup>4</sup> is a programme created and run by the State that has been providing free, objective, and confidential advice to Danish SMEs and entrepreneurs in financial difficulties since 2007. *Early Warning Denmark* works with more than 20 insolvency lawyers and more than 130 professional volunteer advisers. The programme is funded by the Danish Business Development Council. *Early Warning Denmark* There are four main operational objectives:

- Helping viable businesses overcome difficulties and restore growth;
- Reduce economic losses to society, creditors, and businesses by helping insolvent companies close more quickly;
- Promoting a culture of entrepreneurship and recognizing failure as a natural part of entrepreneurial endeavours;
- Giving bankrupt entrepreneurs a second chance by helping them avoid unmanageable debt and loss of self-esteem so they can start a new business in the foreseeable future.

### Consultation content

The organisation offers support to solve financial difficulties of companies. Examples of assistance include:

- Assessment of the company's current situation (cash flow, liquidity, competencies, products, etc.);
- Development of an action plan;
- Restructuring of the company;
- Psychological support during and after the liquidation of the company;
- Support of entrepreneurs during their return to the labour market.

### Consultation format

Each case is assessed individually, and depending on the outcome, support is offered:

- **If the company can be saved from bankruptcy**, the company a volunteer consultant is provided to assist the company's in the reorganisation process;
- **If the future of the company is uncertain or the outcome is negative**, a meeting with a bankruptcy attorney is arranged for the entrepreneur to determine if the business can be partially or completely reorganised or restructured;
- **Individual consultations** that are available to each entrepreneur. The advice is provided by professionally trained advisors or volunteer professionals - current or former managers of large companies, owners of small companies, board members, chairmen and various experts.

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<sup>4</sup> Early Warning, 2022.



**Best practice elements:** common website, consultative mechanism

**Best practice addressed to:** SMEs and entrepreneurs

**Institutions and organisations involved in communication:**

- Consultative mechanism: Association (*6000 rebonds*)
- Common website: Public authorities (Regional Chamber of Commerce and Industry)

## Consultative mechanism

Association *6000 rebonds*<sup>5</sup> has been providing free support to entrepreneurs whose companies have gone bankrupt since 2012. The main task of the association is to help entrepreneurs return to the labour market after the liquidation of the company. The aim of this program is to give entrepreneurs confidence in both professional and private life, so that they are ready to start new projects and start new businesses. The association is run by volunteers and funded by various sponsors.

### Support content

The CEO of the company obtains individual information and support from his or her own or another industry.

### Support format

**Initial evaluation process.** Before the CEO is admitted to the association, a meeting is arranged with two volunteers from the industry to better understand and analyse the entrepreneur's circumstances and needs.

#### Individual support:

- **Training:** Seven and a half hours of training with a certified professional trainer to help the entrepreneur with personal development.
- **Sponsoring:** The CEO of the company or senior-level manager helps to create an action plan. Sponsorship support can last up to 24 months.

#### Collective support:

- **Monthly meetings:** This is a mandatory event for all members of the association. At the meetings, participants share what they have done in the past month in a protected setting.
- **Negotiation and Development Group:** Meetings are held quarterly and provide an opportunity for entrepreneurs to ask questions about professional or personal matters. Group members from a similar industry then share their experiences and visions.
- **Thematic Workshops.** Workshops are organised on topics useful to entrepreneurs in the recovery process. The workshops are led by business experts and cover topics such as bank guarantees, motivation, time management, CV and more.

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<sup>5</sup> 60 000 rebounds.

## Chambers of Commerce and Industry (CCI)

There are a total of 122 chambers of commerce and industry in France and its regions. They aim to provide information on opportunities to start and grow a business in France. The study identified three websites:

**The main role of the French Chamber of Commerce and Industry ([cci.fr](http://cci.fr))** is to provide support to entrepreneurs. The official website offers a variety of support features for businesses in difficulty.

### Website structure

The website has four sections (resources and documentation; services and solutions; press and news; launches the CCI network).

### Website content:

- **Informative content.** It contains the necessary information for entrepreneurs in financial difficulties. The website provides information about the various counselling services such as psychological support, social and tax debt counselling and much more.
- **Business management tool.** The tool allows you to determine the state of the company and its general operating trends in real time. With the management tool it is possible to create a cash flow plan, determine the minimum turnover required and create an interim balance sheet.
- **Services and Solutions** This area offers a variety of courses, services, and advice on different topics such as finance, business development and sustainable development. The financing service is designed to help businesses in distress. The website offers the possibility of finding the nearest CCI for the entrepreneur, where he or she can receive assistance from knowledgeable advisors.

**Hauts-de-France ([hautsdefrance.cci.fr](http://hautsdefrance.cci.fr))** The Chamber of Commerce and Industry of the region offers on its website useful information about free consultations, information material, paid training, and projects. It is designed for three main purposes:

- advise and support companies (*the scope of this Project*)
- train the staff needed by companies
- to manage the infrastructure necessary for the territory

### Website structure

The website has four sections - (Find a solution; simplify your business; News - economics training; Your next visit).

### Website content

It covers a wide range of business topics:

- The first two main sections, “Find a solution” and “Simplify your business”, summarise and provide detailed information on topics of interest to entrepreneurs. Some examples of topics: setting up or taking over a company, expanding internationally, completing export formalities, and registering a company.
- The “News and Economics Training” section contains both articles of interest and information for entrepreneurs, as well as educational articles on economics and finance.

The “Your next visit” section summarises events and courses in the region. In the main view of the section, you can see the date, time, and place of each event or course. By clicking on a specific event, it is possible to see the course or event description and the link to the registration form.

The **Les-aides.fr** ([es-aides.fr/](http://es-aides.fr/)) platform is the national online guide to business support. In addition to the official website, it was set up by the Hauts-de-France Chamber of Commerce and Industry together with the French Chamber of Commerce and Industry.

### Website structure

The website has four sections (financial solutions; news; calendar; support network). It is designed as a search tool where companies and entrepreneurs can search for information on financial support available in the country or region, upcoming projects, and tenders, as well as a list of institutions that provide different types of support.

### Website content

- **Financing finder.** It summarizes all the support available in the country and with the help of a search engine, it is possible to find financing appropriate to the situation of the entrepreneur.
- **Support finder.** It brings together public agencies that support entrepreneurs in a particular sector or with a particular problem, such as the Association for the Right of Economic Initiative *adie*, an association designed to help people who do not have access to the traditional banking system to start their own business.
- **Tender and project finder.** It contains upcoming competitions and projects in various sectors. The website contains information on the progress of the project, its duration, the required requirements, and a link to the project or competition website.

### Information presentation format

- **User-friendly structure and design.** The information on the websites is divided into some main topics to help the user navigate. The websites are advanced and do not contain too much information. The modern design makes it easier to navigate the information offered.
- **Search function.** The information available on the website is easy to find using the search function.



**Best practice elements:** common website, consultative mechanism

**Best practice addressed to:** consumers

**Institutions and organisations involved in communication:**

- Common website: The Consumer Financial Protection Bureau. Its primary function of it is to enforce and monitor compliance with federal consumer finance laws and to monitor consumer financial products.
- Consultative mechanism: non - governmental organisations.

## Common website

**Common website ([consumerfinance.gov/](http://consumerfinance.gov/)),** where information about various aspects of financial difficulties is available in a single place to help consumers make informed financial decisions. The information posted on the Website is both the original content developed by the Consumer Financial Protection Bureau (hereinafter “the Bureau”) and a summary from other sources.

### Website structure and content

The website is divided into six main sections: Consumer Education, Regulations and Policy, Enforcement, Compliance, Data and Research, and News. In the section “Consumer Education” the information is structured by type of loan obligations:

#### Mortgage loan

*Objective:* To provide information on mortgage loans, including problems with repayment.

*Subsections:* Preparing to get a mortgage; researching loan offers; comparing loan offers; final steps for buying a home; assisting homeowners or renters during the pandemic, etc.

*Methodological materials:* The guide “From here to homeowner - A roadmap to help you plan”; “Credit report review checklist”; “Spending tracker”; “Understand loan options – a guide”; “Your mortgage closing checklist”; “How to avoid foreclosure”; mortgage refinancing, etc.

*Tools:* “Explore interest rates – tool”; “Loan estimate explainer - review tool”; the guide for contract closing documentation, etc.

#### Car loan

*Objective:* To provide resources on various aspects of car loans to help you get the most suitable car loan, save money, and reduce stress.

*Sub-sections:* preparation for the purchase of a car loan; research of loan offers; things that can be agreed with the lender; concluding a contract, etc.

*Methodical materials:* “Take control of your car loan – A step-by-step guide”); the car loan comparison template.

#### Payday loan

*Objective:* Issue loans fast, including information on how payday loans work and when to consider and repay a payday loan.

*Subsections:* what is a payday loan; when to consider raising a payday loan; payday loan costs and commissions; how to repay a payday loan; what to do if you are unable to repay a payday loan, etc.

#### Credit card

*Objective:* To provide information about credit cards as well as consider different types of credit cards.

*Subsections:* what is a payday loan; when to consider a payday loan; payday loan costs and commissions; how to repay a payday loan; action if you are unable to repay a payday loan, etc.

*Methodical materials:* “My credit spending rule to live by – money rules to live by”; how to find the right credit card.

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### **Prepaid cards and accounts**

*Purpose:* To provide information regarding the use of a prepaid card or account.

*Subsections:* For commission; on rights; how to choose the most suitable option, etc.

*Methodical materials:* “Choosing how to get paid – getting started”; how to receive money.

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### **Student loan**

*Objective:* To provide sources of information to make the best decisions for prospective or current students or for paying off student loans.

*Subsections:* Different ways to pay for university; comparing tuition costs and financial aid offered; applying for student loans; information about existing student loans; repayment of student loans; available reliefs on student loans, etc.

*Methodological materials:* Choosing the most appropriate student loan, ways to receive money, borrowing plan for public sector employees, financial aid evaluation worksheet, and paying off student debt for public sector employees.

*Tools:* “Your financial path to graduation – tool”. It is a tool to help students with financial support offers evaluate an application to a specific educational institution and its funding; and “Repay student debt – know your options”.

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In addition, other current loan-related topics are covered, such as debt collection, fraud, banking, and account savings. These subsections are organised along the same format: Initial Information (general information and key terms), current situation (general issues and rights), and actions (filing instructions and complaints). Such a structure allows users to find information more easily about the type of credit obligations they are interested in, and the actions to take in managing financial distress. The website often uses hyperlinks to current information in other sections or a tool that allows the visitor to easily navigate between topically current information published in different places. Most of the material on the site is print-friendly so that users can use and share it in printed form.

### **Information presentation format**

- **Multilingual functionality.** The content is available in eight languages. All content is available in two languages, while the other main sections and essential materials and tools have been translated. In cases where detailed content is available in one language, general information is provided in other languages or information is provided on the possibility of using translation services for consultations.
- **Communication style.** The website uses easy language that is understandable to the audience. The questions are explained by their substance. Citing statutory provisions is avoided.
- **Search function.** The information available on the website is easy to find using the search function.
- **Information specifically tailored to the target group's segments.** A separate subsection of the website for key audience segments (e.g., retirees and employees/veterans) and the main sections contain highlights of information tailored to specific audience segment rights) (in the section on auto loans, subsection on additional legal protection for servicers; in the section on payday loans, subsection on special rights of members of the service).

### **Consultative mechanism**

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The consultative mechanism is designed to provide tailored advice to consumers. Counselling is usually provided by non-profit organisations that make their services available to consumers at no or low cost. Consumers have access to a range of financial counselling services, as well as legal advice for financial difficulties, provided by these organisations. Compiled lists of counselling organisations are available both on the websites of non-profit organisations and on the websites of public authorities that are accredited by the institutions.

## Consultation content

Below is a list of organisations and organisation networks that provide access to a wide range of specific financial distress and financial distress legal advice services to a wider range of consumers.

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*Name of the organisation:* US Department of Housing and Urban Development<sup>6</sup>.

*Description:* A list of counselling agencies that are approved by the national authority and often offer their services for a small fee or free of charge. Agencies offer advice on buying, renting, default, foreclosure, loan issues, and reverse mortgages.

*Provider of financing:* US Department of Housing and Urban Development

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*Name of the organisation:* The United States Trustee Program under The United States Department of Justice<sup>7</sup>.

*Description:* The credit counselling agencies listed on the website are non-profit budget and credit counselling agencies. The organisations are approved for the counselling that individuals must receive before they can file for bankruptcy. Debt counselling must occur (6 months) prior to filing for bankruptcy; educational counselling for the debtor must occur after the petition is filed. 8 Many of the agencies listed can also provide other counselling services to help the persons not considering bankruptcy.

*Provider of financing:* The U.S. Trustee System Fund, made up primarily of contributions paid by parties and entities under federal bankruptcy protection.

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*Name of the organisation:* The National Foundation for Credit Counselling.<sup>9</sup>

*Description:* The nation's largest and longest-running non-profit financial advisory organisation. Services are provided through its member organisations. The organisation helps people who have debts, first-time homebuyers, student borrowers, employees and veterans, and small business owners. Among other services, the organisation provides emergency credit card assistance, debt management planning, credit report review, home ownership, foreclosure counselling and bankruptcy.

*Provider of financing:* a range of sources, including government grants and donations from corporations, foundations, and other private partners.

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*Name of the organisation:* Pro Bono Net.

*Description:* LawHelp.org<sup>10</sup> The website was created for low-income people and the legal organisations that serve them. The site provides information about local legal aid and law offices, general legal claims information, court forms, self-help information, court information, links to social service agencies, and other information about the relevant state. The website includes a network of 25 national legal information portals.

Check out each state's website for free advice as well as information on topics such as eminent domain, bankruptcy, student loans, mortgages and more.

*Funding Provider:* Multiple sources that include law firms, companies, and foundations.

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## Consultation format

- **Process format.** Consultations can be received in different formats depending on the organisation: by phone, by email, as well as in person.

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<sup>6</sup> [US Department of Housing and Urban Development, 2022. Consulting agencies approved by the Department.](#)

<sup>7</sup> [The United States Department of Justice. Credit Counselling & Debtor Education Information\).](#)

<sup>8</sup> [US Federal Trade Commission. Filing for Bankruptcy: What to Know.](#)

<sup>9</sup> [The National Foundation for Credit Counselling. Mission and Values\).](#)

<sup>10</sup> [Pro Bono Net, 2022. LawHelp.org.](#)

- **Availability.** Counselling is provided in many languages (depending on the organisation), mainly in English and Spanish, but also in other minority languages. Legal counselling centres that receive government funding must provide their clients with access to languages.
- **Qualification.** Organisations that provide direct advice to consumers must meet certain standards and obtain acceptance/approval, which is usually granted to the organisations by the funder. To become a counselling agency approved by the U.S. Department of Housing and Urban Development and a U.S. program, several aspects must be met, but perhaps the most important are the non-profit's status, the certification of the counsellor used, the organisation's previous experience in the field, and more. The members of the National Credit Advisory Fund must obtain and maintain accreditation through the Council on Accreditation, Inc, an independent, non-profit accrediting body.<sup>11</sup> In addition, strict standards for the credit counselling and debt management industry and guidelines for the quality standard for the members of the National Foundation for Credit Counselling must be met.

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<sup>11</sup> National Foundation for Credit Counselling. *Our Supporters*



**Best practice elements:** Consultative mechanism

**Best practice addressed to:** consumers

**Institutions and organisations involved in communication:** *The Financial Counselling Australia* is a non-government organisation coordinating the State Helpline and other organisations (mostly NGOs)

## Consultative mechanism

In Australia, financial counselling for consumers in financial distress is widespread, with the State Helpline as the primary service provider. Counselling is considered an effective means of reaching the target group directly and finding a tailored solution. Counselling has a particularly high added value when addressing complex situations that require the support of a knowledgeable and experienced specialist.

The Financial Counselling Australia is a federal organisation with seven members, and professional associations from all states and territories. These associations are responsible for the accreditation of financial advisors and provide support through training, resources, and information sharing.<sup>12</sup>

It can be inferred that the first point of contact for a consumer experiencing financial difficulties should be the State Helpline, which is also indicated on their website.<sup>13</sup> This service provider is coordinated by the Financial Counselling Australia. Other financial counselling is also available in Australia in a specific area of specialisation. Financial advice is funded by both the federal and state governments.<sup>14</sup> As a result, they are available to consumers free of charge, as well as they are confidential, and are provided by non-governmental organisations.<sup>15</sup>

### Consultation of the consultation

The following possible assistance is listed on the National Helpline website<sup>16</sup>:

- Complete assessment of the financial situation;
- Advice in negotiations with creditors, government agencies and other corporate service providers;
- Direct negotiations with creditors in certain circumstances;
- Advice on options, rights, and obligations;
- Referral to other services, such as legal counsel, crisis food and accommodation services, and health services.
- The National Helpline also provides information and advice on the following topics:
- For queries on credit and debt issues;
- For debtors' rights;
- Pros and cons of bankruptcy proceedings;
- Develop a realistic debt repayment plan;
- Access to specialised support measures, including gambling addiction support, family support, individual counselling, legal and emergency assistance.

Specialised support is provided by the following organisations:

<sup>12</sup> [Financial counselling in Australia. Members](#)

<sup>13</sup> [The Financial Counselling Australia, 2020. State Helpline.](#)

<sup>14</sup> [The Financial Counselling Australia, 2019. Financial Counselling in a Nut\\$hell.](#)

<sup>15</sup> [Moneysmart Financial Counselling](#)

<sup>16</sup> [The Financial Counselling Australia, 2020. What is Financial Counselling?.](#)

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*Name of the organisation:* Mob Strong Debt Helpline.<sup>17</sup>

*Description:* It offers free legal and financial advice over the phone on financial aspects (specialising in consumer loan law, banking, debt collection and insurance) for the Aboriginal and Torres Strait Islander segments. This helpline is coordinated by the Legal Centre for Financial Law. Advice is provided by a team of lawyers and financial advisors.

*Provider of financing:* several sources

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*Name of the organisation:* Gambling Help Online.<sup>18</sup>

*Description:* Provides free information, self-help information, a forum, a free 24/7 chat, email, phone, and in-person counselling and support services (including financial and debt management), and web links for additional support, etc. The information is addressed to gambling addicts as well as their relatives.

*Provider of financing:* federal, state, and local governments.

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*Name of the organisation:* 1800RESPECT.<sup>19</sup>

*Description:* The national sexual assault, domestic, and family violence counselling service is funded by the Australian Government. The organisation advises people who (have) experienced violence about other organisations, including organisations that can help protect people's financial security, help with debt, financial distress, etc., which are also listed on its website.

*Provider of financing:* Government of Australia.

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*Name of the organisation:* knowmore.<sup>20</sup>

*Description:* website with information on the availability of support for the National Compensation Programme and the Territories Stolen Generations Redress Scheme. Financial professionals work with a person to improve the person's financial position, and indebtedness, negotiate with lenders and creditors, give advice on the impact of a lump sum, etc., if necessary, before receiving financial support, and the recipient of advice agrees to the advice.

*Provider of financing:* Government of Australia.

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Other organisations that provide legal advice, financial advice to consumers, small businesses, small rural businesses, and farmers, etc., and from which consumers and businesses can obtain information about aspects of financial literacy, such as the Australian Competition and Consumer Commission.<sup>21</sup>

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### Consultation format

- **General organisational principles.** The advice is independent and confidential, thus reducing the fear that help seekers will get in trouble or be penalised when they turn to for help, or that sensitive information is passed on to a third party. The consulting service is provided free of charge.
- **Human rights.** The organisations responsible for providing advice employ specialists with in-depth knowledge of financial matters. For example, Online Gambling provides financial training to gambling advisers to ensure that clients are provided with comprehensive, high-quality financial and debt management advice to gambling addicts. This ensures that the problem is addressed on its own merits. The Financial Advisers in Australia, which coordinates the State Helpline, has set out on its website the criteria that a financial adviser must meet. Criteria include a one-year full-time (or two-year part-time) course - online and face-to-face lectures, as well as a 220-hour internship at a financial advisory agency.<sup>22</sup>

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<sup>17</sup> [Financial Law Legal Centre. \*Mob Strong Debt Helpline\*.](#)

<sup>18</sup> [Gambling Help Online, 2022.](#)

<sup>19</sup> [1800RESPECT, 2021.](#)

<sup>20</sup> [knowmore. \*Financial counselling\*](#)

<sup>21</sup> [Australian Competition and Consumer Commission.](#)

<sup>22</sup> [The Financial Counselling Australia. \*Become a Financial Counsellor\*](#)

- **Process format.** Consultations can be received in various formats: by phone, by email, online chat, as well as in person. This ensures that the most convenient channel is available to customers.
- **Availability.** The advice is available in different languages, as well as for people with speech and hearing impairments, and is provided by the Translating and Interpreting Service and the National Relay Service, respectively.



**Best practice elements:** common website

**Best practice addressed to:** consumers

**Institutions and organisations involved in communication:** Canadian Government agencies.

## Common website

**Common website (<https://www.canada.ca/>)**, where information on different areas of life is available in a single place (such as work, immigration, and citizenship, taxation, health, transport and infrastructure, tourism, social welfare, etc.).

### Website structure

The website has 15 main sections, one of which is “Money and Finance”. It is subdivided into the most detailed level of information provided by a particular government agency, such as the Financial Consumer Agency of Canada<sup>23</sup>, but the information is provided on the same website. The institution’s own digital location is also a section of the official website, not a separate website. Information of interest to consumers is more thematically related, using hyperlinks, and not limited to the functions of a specific institution. Subsections, information, and resources appear repeatedly in different sections when relevant. The common visual digital design complements the feeling of a smooth transition between information from different agencies and gives the impression of complete information.

### Website content

The section on money and finance<sup>24</sup> brings together in one place information on various aspects of financial management and coping with financial distress. It includes information on managing of finances, retirement planning, protection from fraud and embezzlement, financial literacy programmes, bankruptcy, financial instruments and calculators, regulations, etc. Subsections in the section on money and finance:

#### **COVID-19: Managing financial position in case of distress**

*Institutions:* The Canadian Consumer Finance Agency.

*Objective:* To address the financial distress during the pandemic.

*Subsections:* Overcoming financial distress; how the government helps; how to deal with financial difficulties; where to turn to ask questions or raise concerns; protection against financial fraud.

*Methodical materials:* sample credit reports; Cyber Hygiene for COVID-19.

*Tools:* Find financial help during COVID-19; Debt service calculator - mortgage payment and household expenditure calculator against household income; interactive Budget Planner; My Expenses Calculator.

#### **Manage your money**

*Institutions:* The Canadian Consumer Finance Agency.

*Purpose:* Budgeting, banking, money transfers, insurance, and financial planning at various stages of life.

*Subsections:* Budget planning; settlement options and transfers; various life events and your money; financial rights and obligations; credit reports and credit rating, etc.

*Methodical materials:* infographics: *Avoid financial stress, save up for emergencies.*

<sup>23</sup> Canadian Government. Canadian Consumer Finance Agency.

<sup>24</sup> Canadian Government. *Money and finances*

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*Tools:* Expense calculator; interactive Budget Planner; Financial target calculator; Credit card comparison tool; an interactive asset and liability worksheet for couples; account reconciliation tool; mortgage or rental cost calculator; benefit seeker, etc.

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### **Debt and borrowing**

*Institutions:* Canadian Consumer Finance Agency

*Objective:* debt management, credit cards, mortgages, loans, credit lines, credit reports, etc.

*Subsections:* debt management; credit reporting and credit scoring; mortgage; loans and lines of credit; credit cards; borrowing against equity; protection in times of rising interest rates; credit and borrowings: rights and responsibilities.

*Methodical materials:* Infographics: Payday loans: An expensive way to borrow money; sample credit reports; Understanding your credit report and credit score.

*Tools:* “Mortgage Qualifier Tool”; “Mortgage Calculator”; “Credit Card Payment Calculator”, etc.

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### **Financial tools and calculators**

*Institutions:* The Canadian Consumer Finance Agency, The Innovation, Science and Economic Development in Canada, Employment and Social Development in Canada.

*Objective:* Bank account and credit card selection tools, budget, and mortgage calculators.

*Tools:* vehicle leasing or purchase calculator; retirement income calculator; financial literacy self-assessment quiz; the Canadian Financial Literacy Repository, which provides resources, activities, tools, and information on budget planning, money management, insurance, savings, investment, and more.

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### **Solvency**

*Institutions:* The Office of the Superintendent of Bankruptcy Canada, Innovation, Science and Economic Development in Canada

*Objective:* For consumer petitions, bankruptcies, and for finding an approved receiver.

*Subsections:* The appropriate debt solution; the consumer’s application; the bankruptcy application; money is owed to you; bankruptcy of the employer; find a licensed insolvency trustee; filing a complaint, etc.

*Methodical materials:* “Sample credit reports”; “Understanding your credit report and credit score”; “Insolvency counselling programme online self-learning modules”).

*Tools:* “Find an active working licensed insolvency trustee”; “Complaints form – Licensed Insolvency Trustee, a debtor, or a creditor”), etc.

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### **Information presentation format**

- **Multilanguage functionality.** The content is available in two languages.
- **Communication style.** The website uses simple language that is understandable to the audience. Questions are explained in terms of their substance. Citation of legislation is kept to a minimum.
- **Search function.** The information available on the website can be easily found using the search function.