



Blockchain & Debts



USING BLOCKCHAIN TECHNOLOGY IN THE DEBT RELIEF ECOSYSTEM

Lack of financial knowledge is a major cause of debt. Citizens can repay their debts and regain control over their expenses with the help of the Groningse Kredietbank (GKB, the municipal credit bank). The GKB wants to coach people in financially sound behaviour, but spends a lot of time updating overviews of late payments, earnings and expenses. At the same time, creditors incur unnecessary costs for receivables that are difficult to collect. A blockchain solution could improve mutual coordination between the different parties involved in debt relief, and real-time exchange of information may help citizens gain better insight into their financial situation.

About LIKE!

Local governments, citizens, universities and SMEs come together to co-create smarter, more efficient and more innovative services through 9 transnational pilots that cover 3 core themes:



Relations to Workpackages

This pilot shows the LIKE! project's opportunity in combining smart technology with better and more efficient customer services. Blockchain is a cross-cutting technology which opens up new possibilities on trust and transparency for vulnerable groups.

Local partners

Groningse Kredietbank (GKB)
www.gemeente.groningen.nl/gkb

CGI Nederland
www.cginederland.nl

This Case Study Paper is produced by Evite van Winkoop



"We strive towards better support for our citizens and therefore dare to think outside the box. To strengthen our income services for clients, we use experiments, projects and blockchain."

Hans Julsing, managing director Income Services at the Municipality of Groningen



Unique Cooperation

This close cooperation between CGI and the Groningen municipality is unique. The municipality contributed the product owner, an application architect and a security officer to the Agile team. CGI, in turn, assisted the municipality with the functional specification, development and building of the application and the creation of the cloud environment in which it runs.

Taking the blockchain technology from idea to functional product was both new and challenging, forcing us to retrace our steps more than once. It was a joint learning experience, in which all those immediately involved exchanged information, candidly discussed progress and made adjustments where necessary on a weekly basis.

Success Story

After an intensive period for both parties, the Proof of Concept has demonstrated the feasibility of using blockchain technology in debt relief. The municipality is confident about its feasibility and has approached several parties to participate in a follow-up aimed at creating a fully-fledged blockchain application. The more parties involved, the better the insight of GKB clients in their finances and the easier it is for them to avoid incurring new debts. Reason enough for the Groningen municipality to share the results of this Proof of Concept based on innovative blockchain technology with the Association for Debt Relief and Social Banking (NVVK), in an attempt to achieve a broader, national roll-out.

Debt relief process; benefits for each party

GKB debt relief officers

- Will have more time for coaching due to less red tape
- Will be able to take the desired step from control to coaching
- Will not incur unnecessary legal or other costs

GKB clients

- Will gain better insight into and control over their earnings and expenditure
- Will receive better tailored debt counselling

Creditors

- Will notice improved payment discipline and a decrease in the number of defaulters
- Will reduce administrative costs and save on debt collection charges
- Will be better able to fulfil their civil duties towards citizens

