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Factsheet for case **HR-2020-12/398**

Banks will not take enforcement measures to collect debts from companies or citizens

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Country	Croatia, applies nationwide
Time period	Temporary, 19 March 2020 - 30 June 2020
Type	Company practice
Category	Supporting businesses to stay afloat – Direct subsidies (full or partial)
Case created	08 April 2020 (updated 29 April 2020)

Background information

Foreclosure is something banks and other financial institutions try to avoid in every possible way. The foreclosure percentage is still small in relation to the number of housing loans. Even when after the foreclosure process has begun, an out of court settlement is still possible. The Croatian Banking Association was working on a bank conciliation center as well as on the promotion and effectiveness of out of court settlements via conciliation. However, according to official figures, financial institutions have a significant part of foreclosures. Insurance companies have no other ways of collecting payments, whereas banks are able to talk with clients, reschedule debts, allot grace periods.

Content of measure

In order to preserve the financial stability and liquidity of business entities in the Republic of Croatia, credit institutions shall adopt in their internal acts a decision not to take enforcement measures (foreclosure, activation of collateral) to collect debt from their debtors (natural and legal persons) for three consecutive months starting in April 2020. Credit institutions shall conscientiously and promptly consider and approve requests by clients (citizens and entrepreneurs) for a deferral of payment for at least three months, whose creditworthiness is severely impaired in the current circumstances by the loss or reduction of permanent sources of income. Credit institutions shall, at the time of the deferral of payment, only apply regularly agreed interest without additional charges or fees.

Credit institutions will implement the mentioned measure towards their clients which did not settle the three

installments - annuities of their credit obligations, provided that this does not put them as creditors at a disadvantage compared to other creditors. Credit institutions shall conscientiously and promptly consider and approve requests by clients (citizens and entrepreneurs) for a deferral of payment for at least three months, whose creditworthiness is severely impaired in the current circumstances by the loss and/or reduction of permanent sources of income, and for the clients whose revenue were substantially reduced compared to the revenues in the previous period.

Use of measure

It could be expected around 20,000 possible clients who will apply for such possibility.

Actors, target groups and funding

Actors	Target groups	Funding
Company / Companies	Other workers & citizens All companies	No special funding required

Social partners

Role of social partners	No involvement
Form of involvement	No involvement

Due to the nature of the measure, social partners were not involved.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 19 March 2020: Hrvatska udruga banaka (The Croatian Banking Association) (2020). Iduća tri mjeseca banke neće poduzimati mjere prisilne naplate (www.hub.hr)