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Factsheet for case **HU-2020-12/650**

Suspension on loan payments for private individuals

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Country	Hungary, applies nationwide
Time period	Temporary, 18 March 2020 - 31 December 2020
Type	Legislation or other statutory regulation
Category	Measures to prevent social hardship – Preventing indebtedness
Case created	15 April 2020

Background Information

Under Section 1 of the 47/2020 (18 March) government decree and 62/2020 on detailed rules concerning the payment moratorium, the reason for the measure is to alleviate the adverse effects of the coronavirus pandemic during the period Hungary is in a 'state of emergency' announced by the government on 11 March. The goal is to protect people who lose their income because of the pandemic and cannot make debt repayments. Another goal is to keep lending activities afloat despite the crisis.

Content of measure

Every commercial loan, mortgage or other loan contract signed before 2020 March 18 will receive a freeze on loan repayments, capital repayment and any related fees until at least 31 December 2020 (can be extended). The length of the loan will be extended by the period of the freeze. The Banking Association said the deferred loan payments would amount to about HUF 450 billion in the 9-month period, but our estimations based on partner interviews suggest it would be at most half of that amount. Clients must sign a statement (online) to opt out of the payment freeze scheme, so the default is that they do get the suspension.

Use of measure

Hundreds of thousands of people or about 30-50% of credit clients have indicated to their banks so far that they will not avail of the payment freeze option and continue to make payments as before. The prediction of the National Bank of Hungary on the uptake was about 30% of all individual clients.

Actors, target groups and funding

Actors	Target groups	Funding
National government Company / Companies	employees	Companies

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

The Banking Association was consulted about the measure prior to announcement.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 18 March 2020: Government decree 47/2020 (EN)
- 19 March 2020: Banking Association on the loan payment moratorium (press release) (www.bankszovetseg.hu)
- 24 March 2020: Government Decree 62/2020 (EN)
- 14 April 2020: Banks: Hundreds of thousands continue loan payments despite freeze optio (bank360.hu)