

Chaining Households to Financial Markets: Micro-level Interest-Bearing Strategies of Western Banks in Croatia

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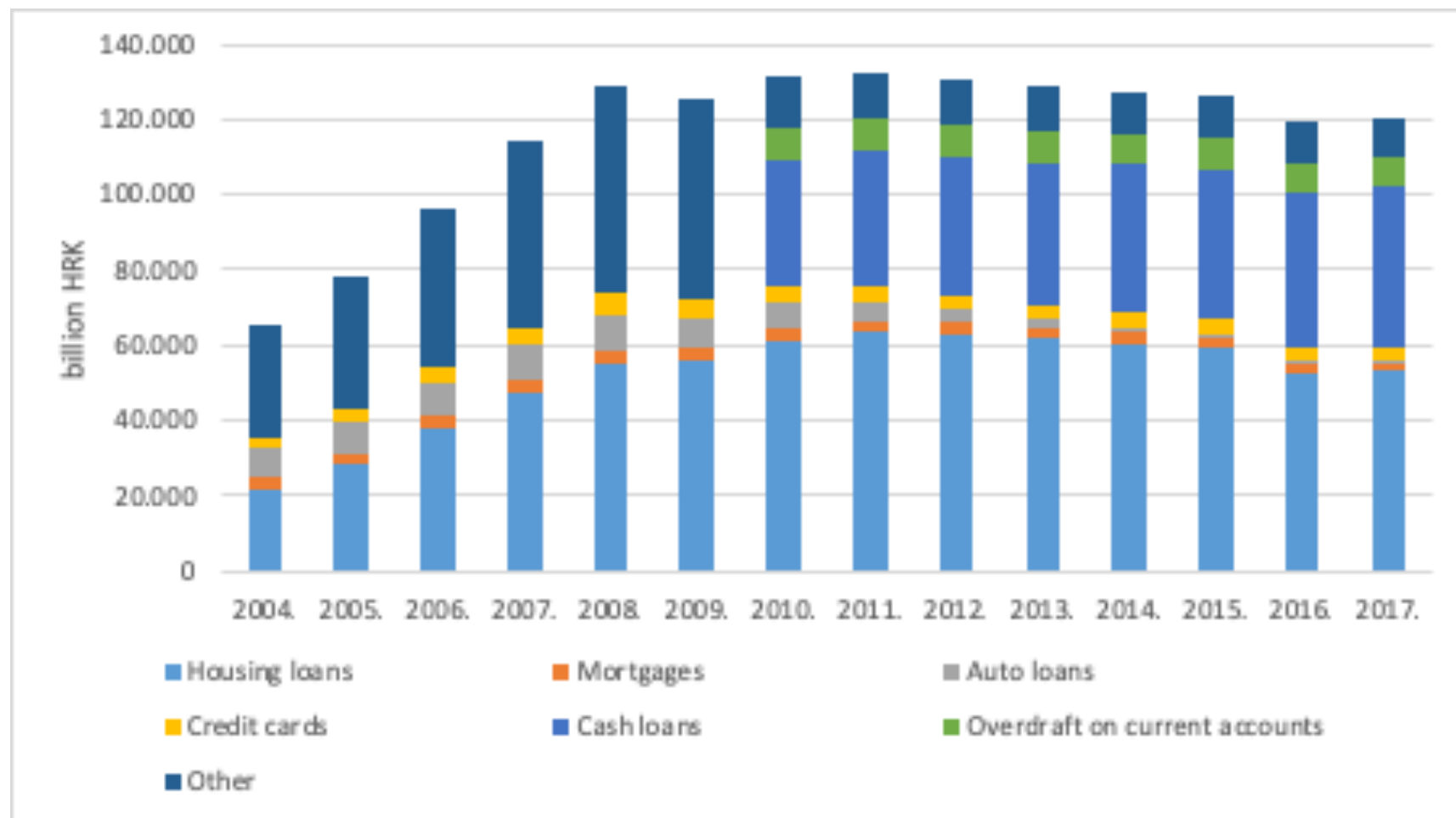
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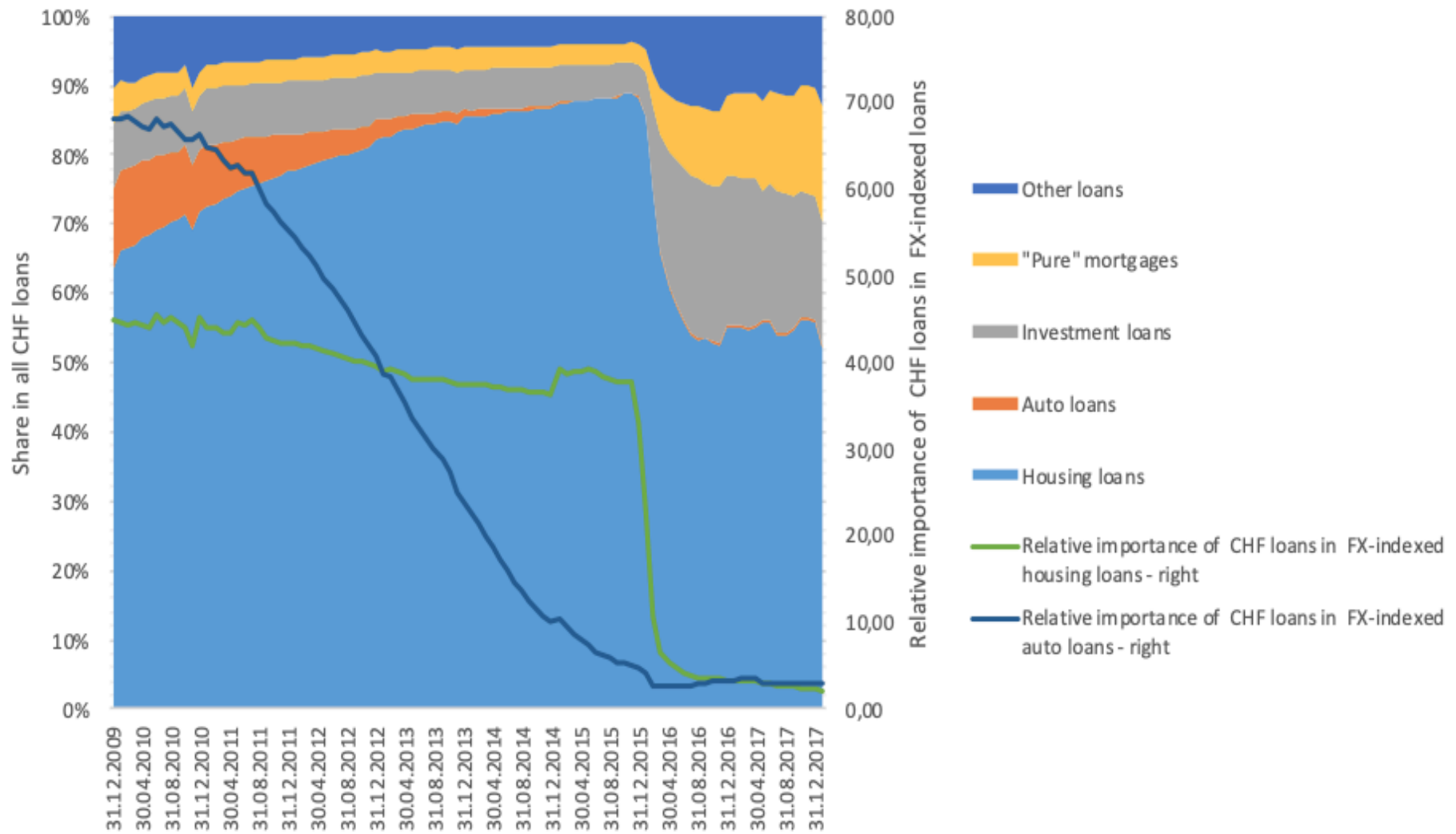
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The structure of household loans 2004-2017



Source: CNB (2017:17).

The structure of CHF loans



Source: CNB (retrieved on demand).

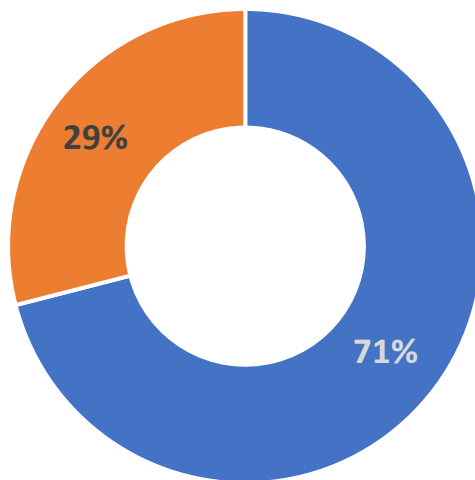


Hypo Alpe-Adria Bank's advertisement for CHF mortgage interest rate, 2005.

When you were taking out your loan/mortgage, could you choose...

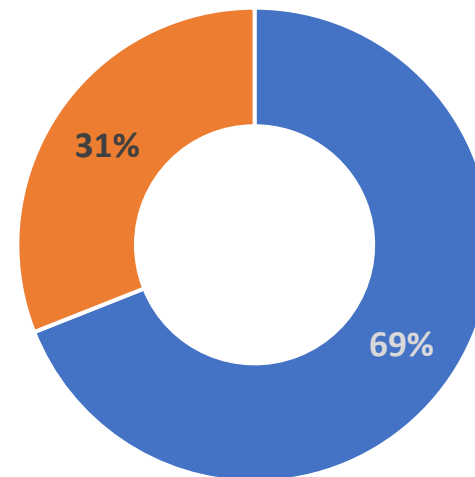
...the bank

■ Yes ■ No



...the currency

■ Yes ■ No



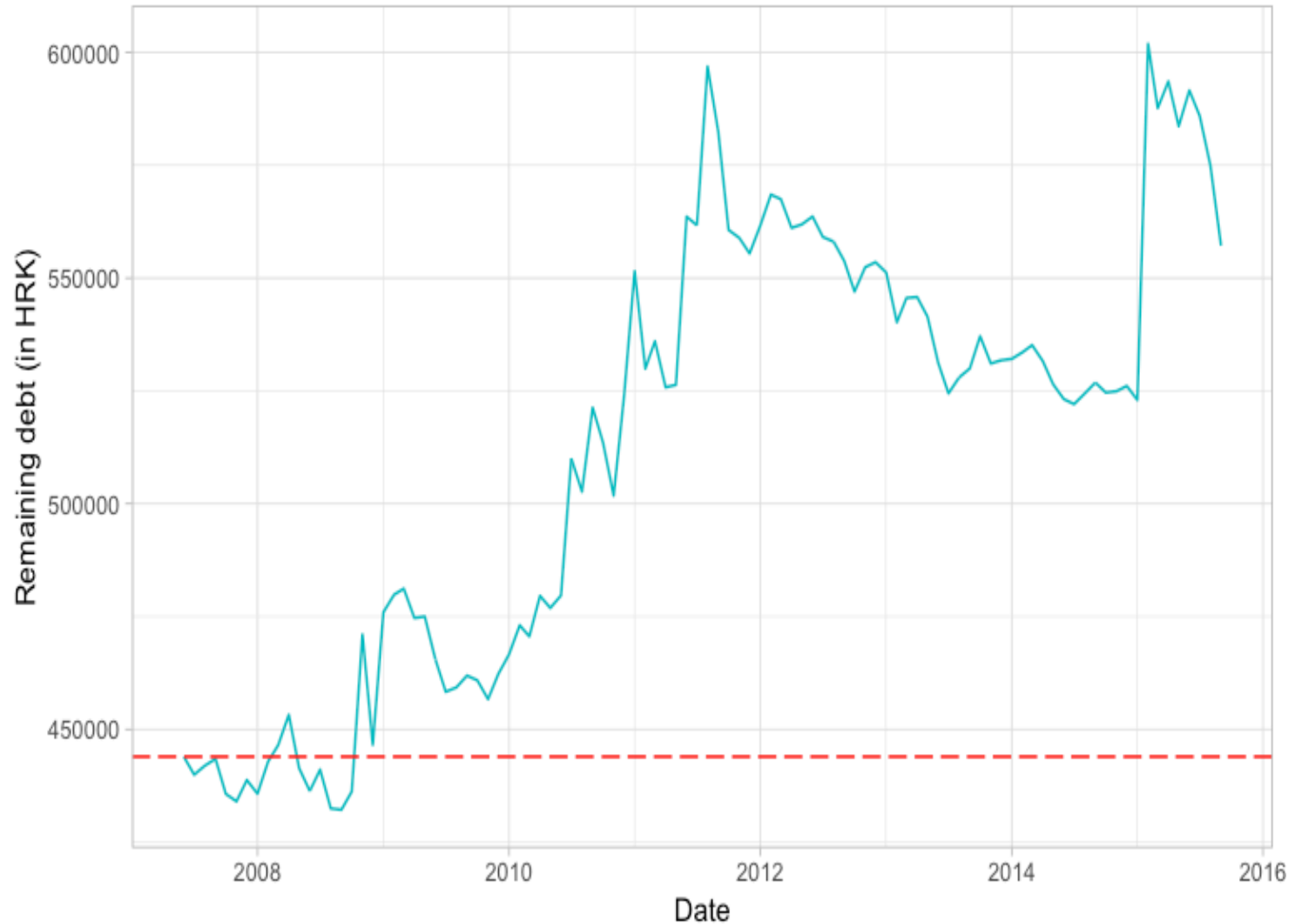
Source: Rodik (2012: 6, 9).

CHF-to-HRK exchange rate 2004-2018



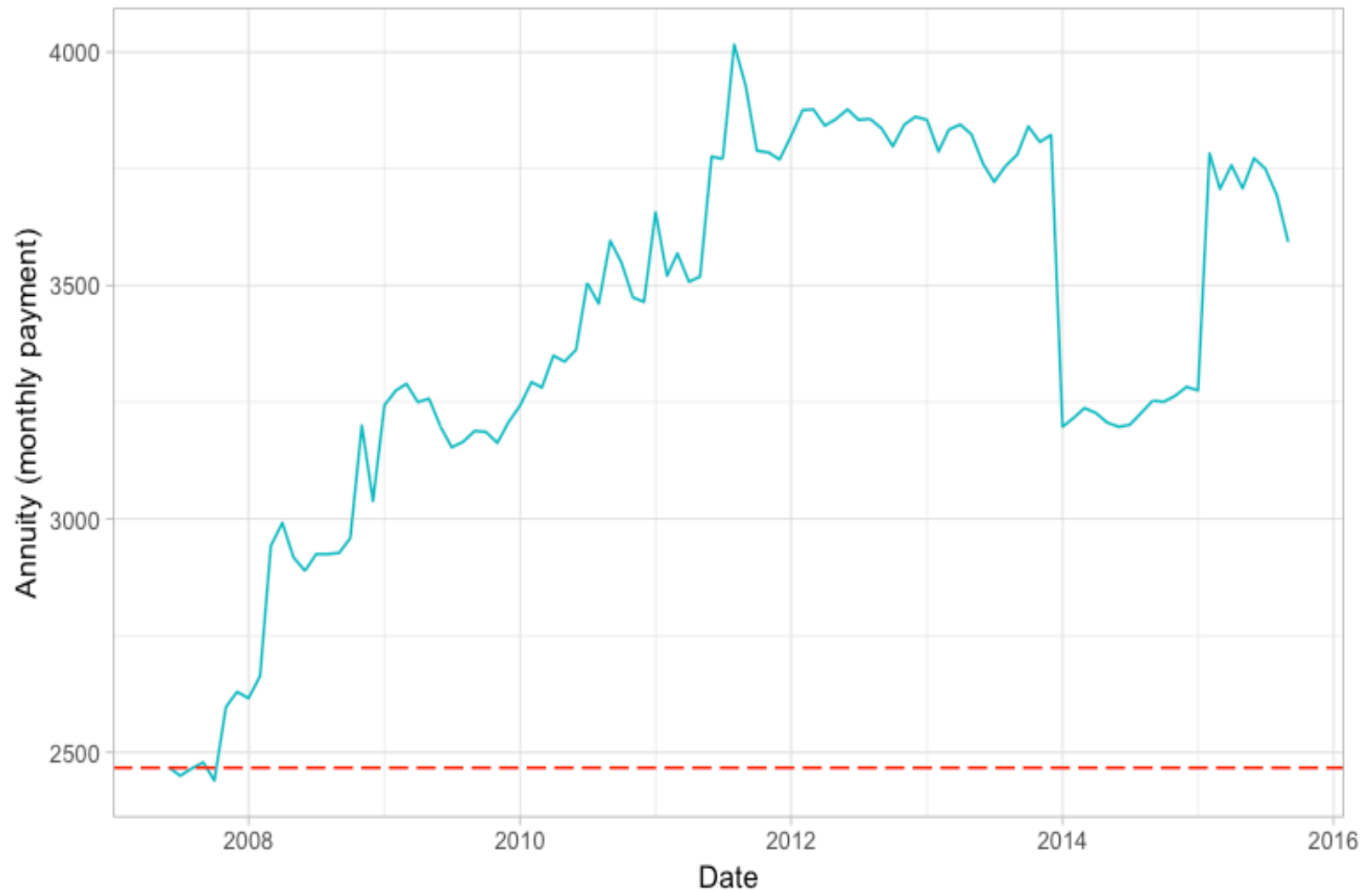
Source: CNB.

Remaining debt in HRK 2007-2015 (blue line), compared to the amount received from the bank in 2007 (red line)



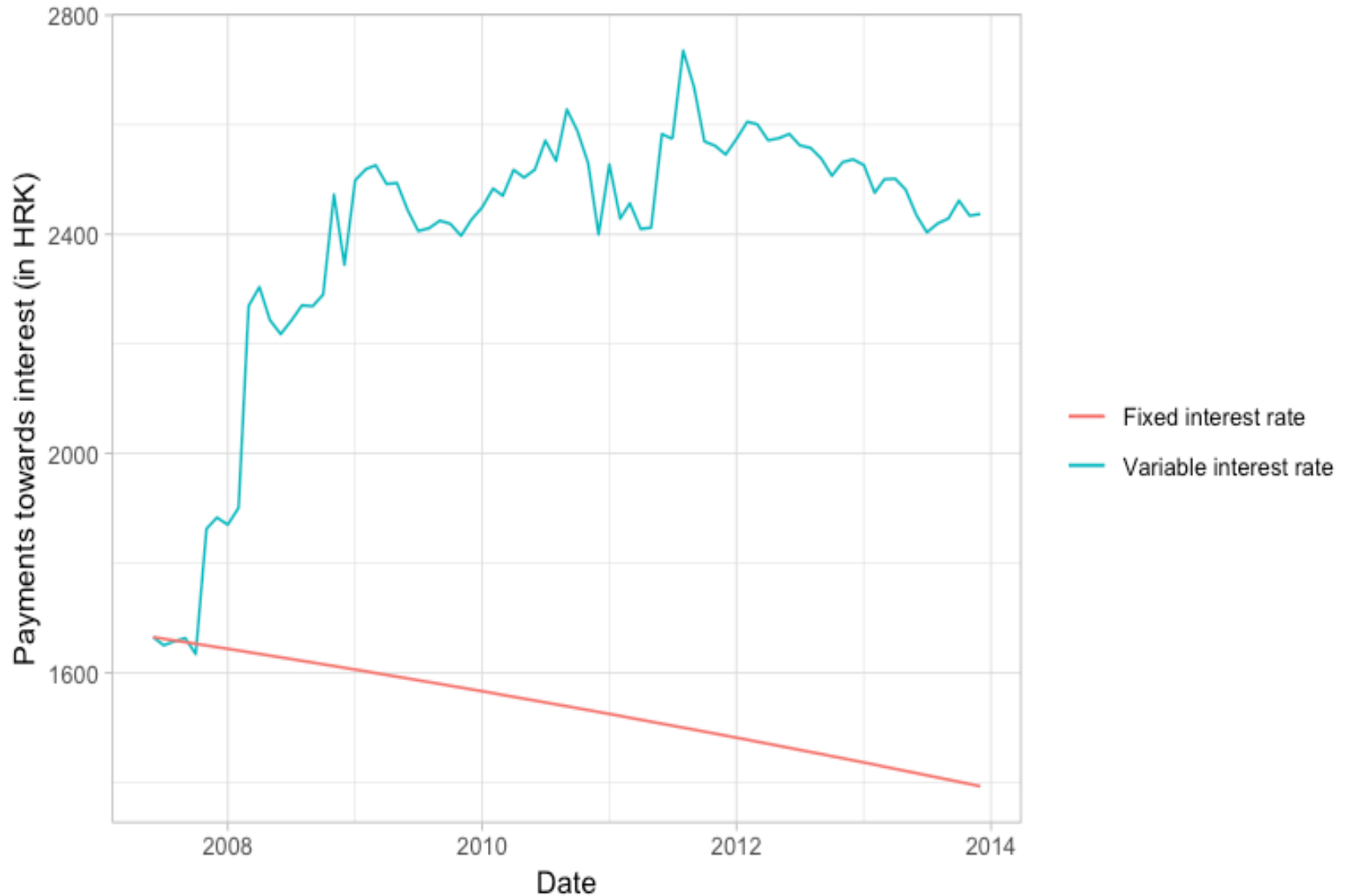
Source: own calculations. Data on interest rates from one of the Western banks in Croatia.

Monthly payments in HRK 2007-2015, (blue line), compared to the initial monthly payment (red line)



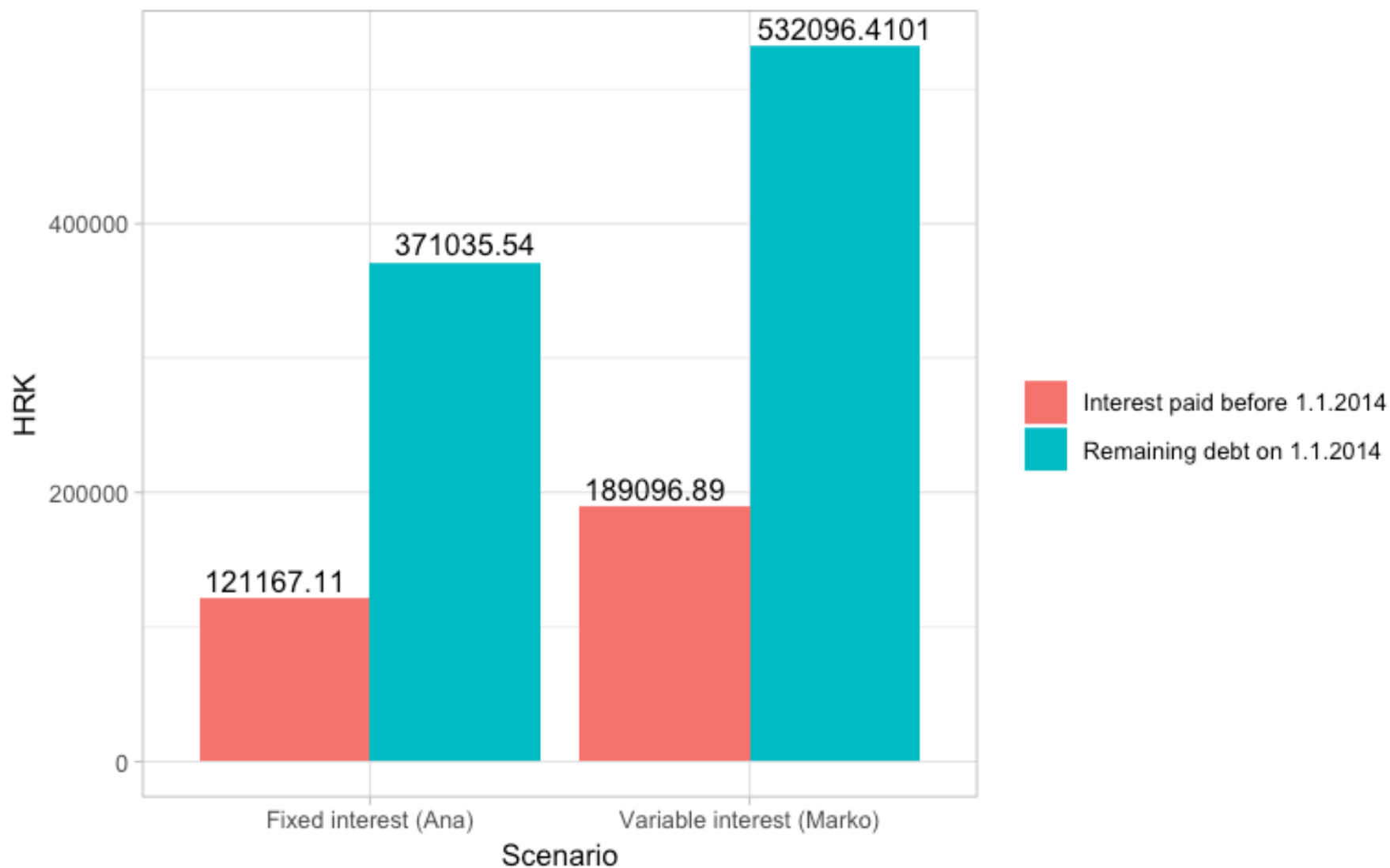
Source: own calculations. Data on interest rates from one of the Western banks in Croatia.

Monthly interest payments in HRK 2007-2013, (blue line), compared to the scenario with fixed interest rate and without FX (red line)



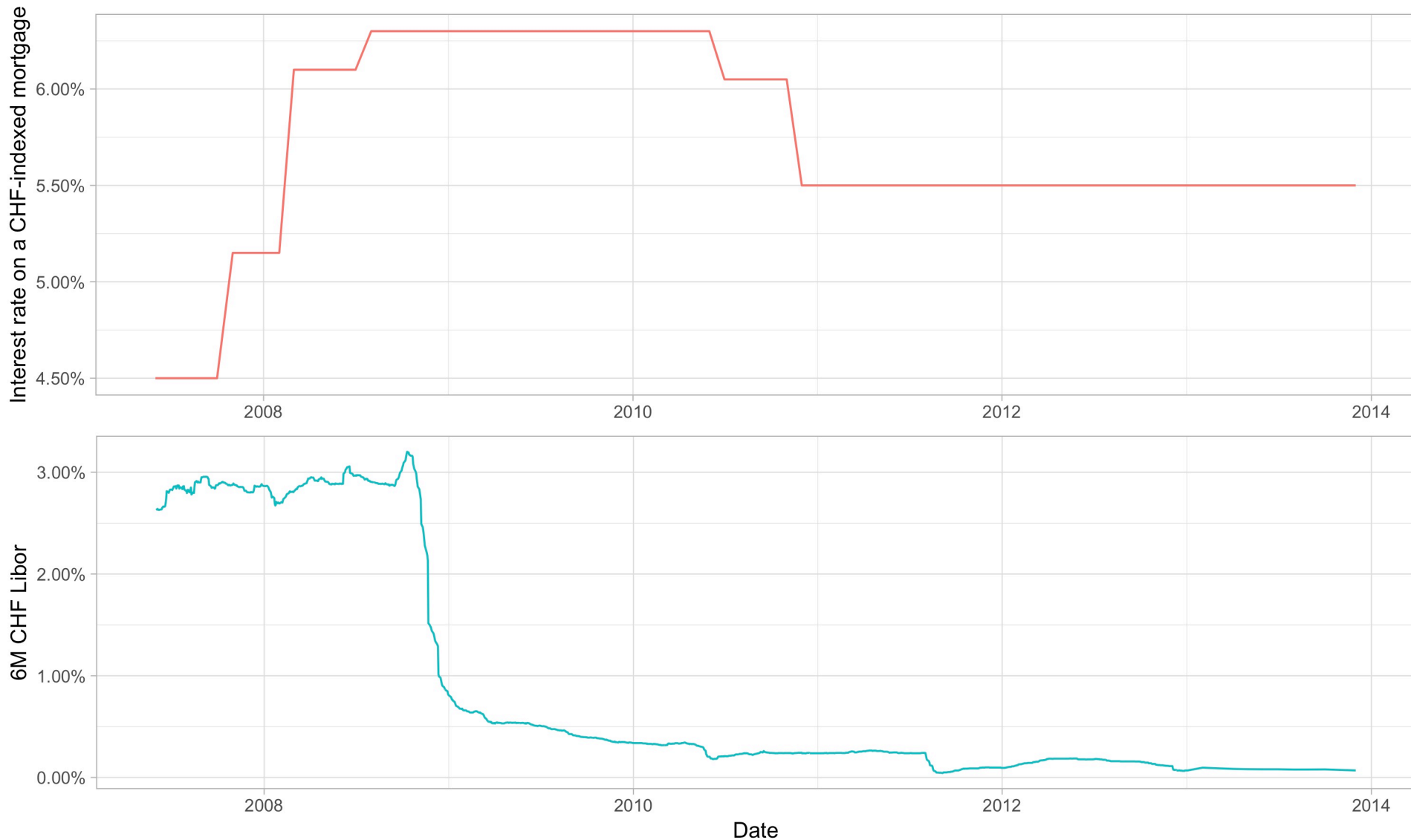
Source: own calculations. Data on interest rates from one of the Western banks in Croatia.

Cumulative interest payments in HRK before 1.1.2014 and debt outstanding on 1.1.2014 – two scenarios



Source: own calculations. Data on interest rates from one of the Western banks in Croatia.

Interest rate variation compared to 6M CHF libor variation before 1.1.2014.



Source: own calculations. Data on interest rates from one of the Western banks in Croatia and <http://iborate.com/chf-libor/>.