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

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The structure of household loans 2004-2017

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: 71%
- No: 29%

...the currency

- Yes: 69%
- No: 31%

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/.