

DEBT CONSOLIDATION

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Higher Education Institutional Excellence Program of the Ministry of Human Capacities in the framework of the *Financial and Public Services* research project and *Financial Liquidity* subproject (1783-3/2018/FEKUTSTRAT).

25 researchers + partners from the business, civil, and academic sphere

AIM OF THE RESEARCH

Design and implementation of new innovative financial products and services to help the social and economic integration of **disadvantaged people in disadvantaged regions** in Hungary.

NONPERFORMING LOANS

FX denominated mortgage loans 2004-2009

NPL rates over 22% in the crisis

2/3 sold out to debt collectors

Still more than 100.000 families

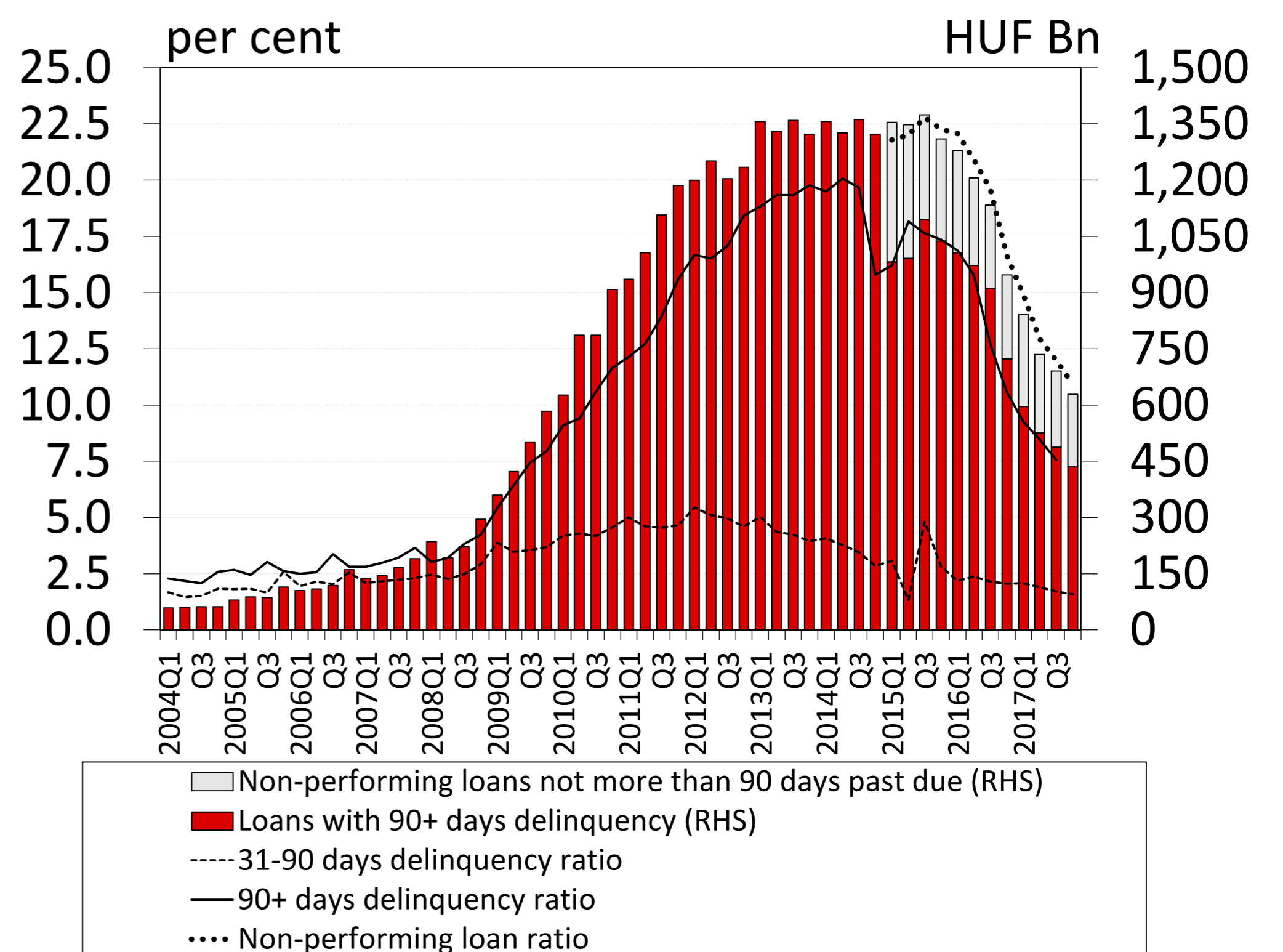
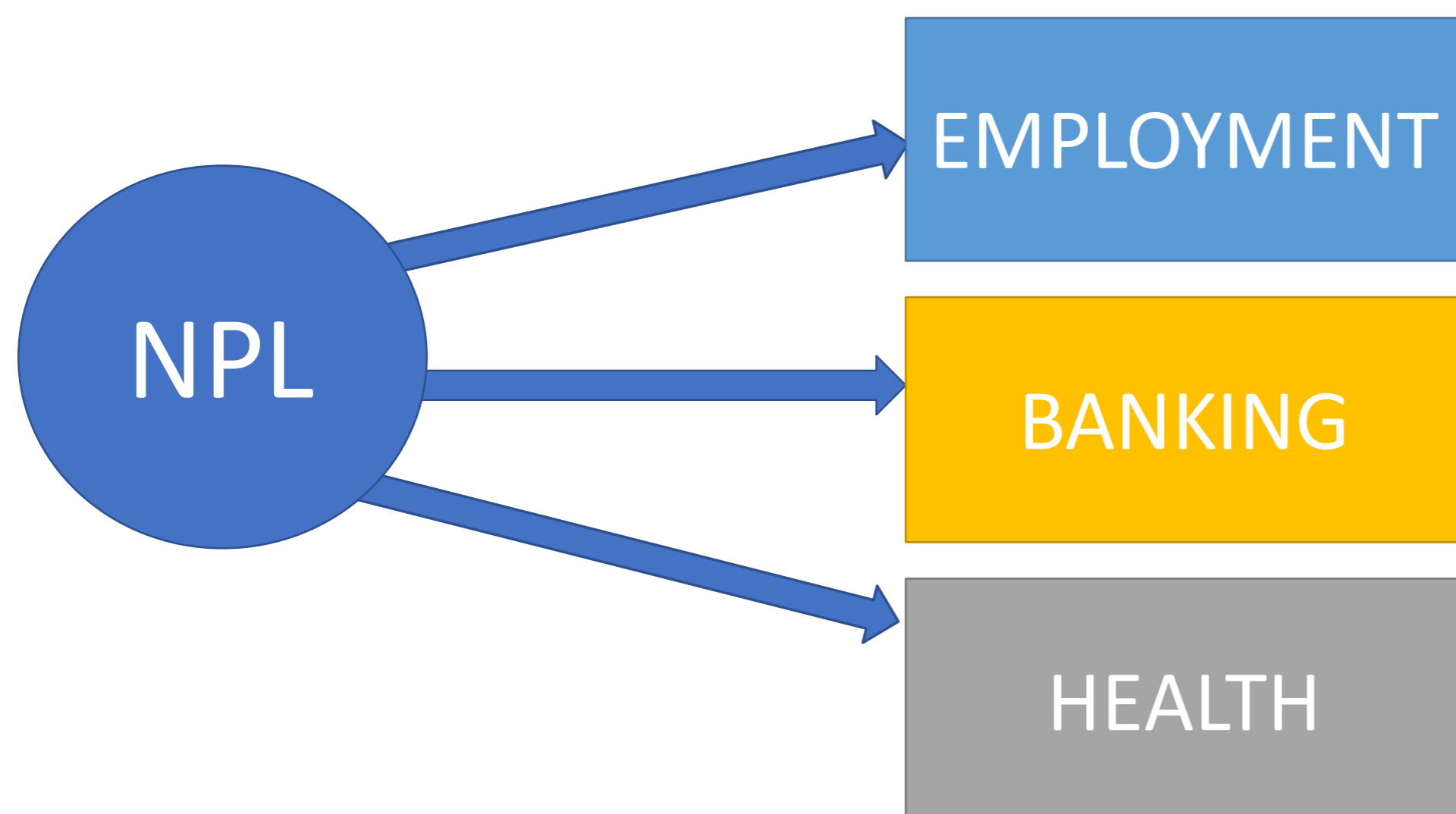
Rich debtors were saved

No more saving program to be expected

33% (or even 50%) of the income taken away

Private default mechanisms are not working

HYPOTHESIS

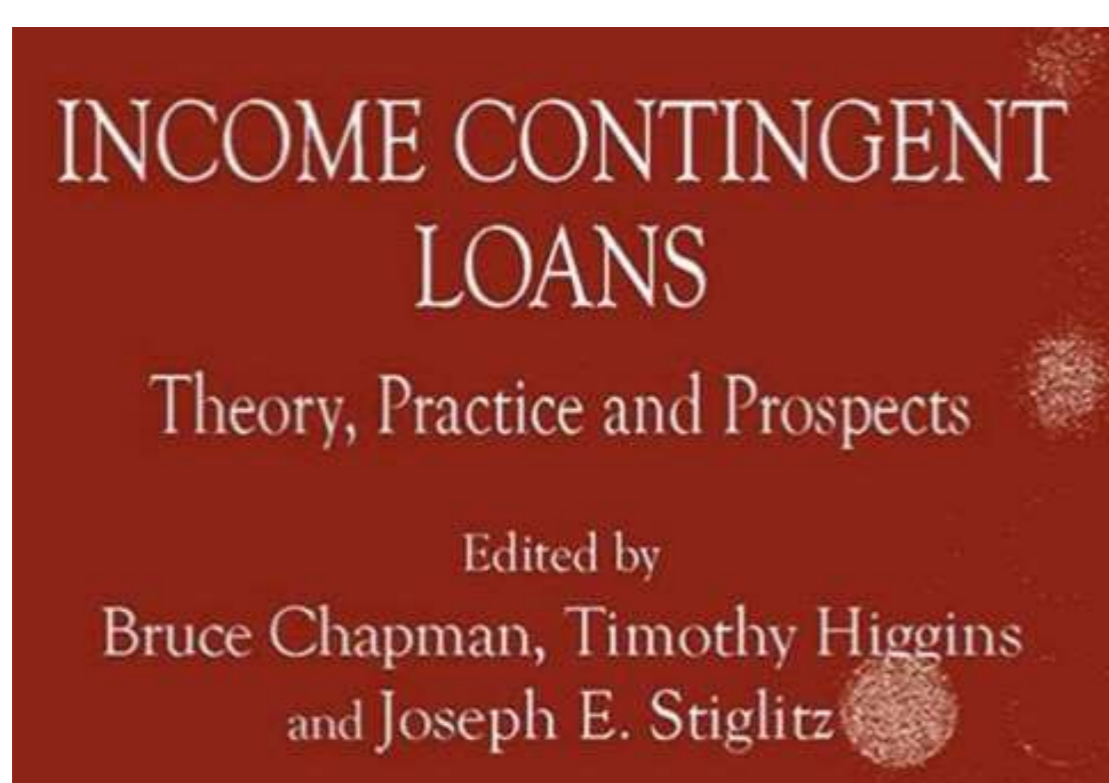


NPLs have negative effects on

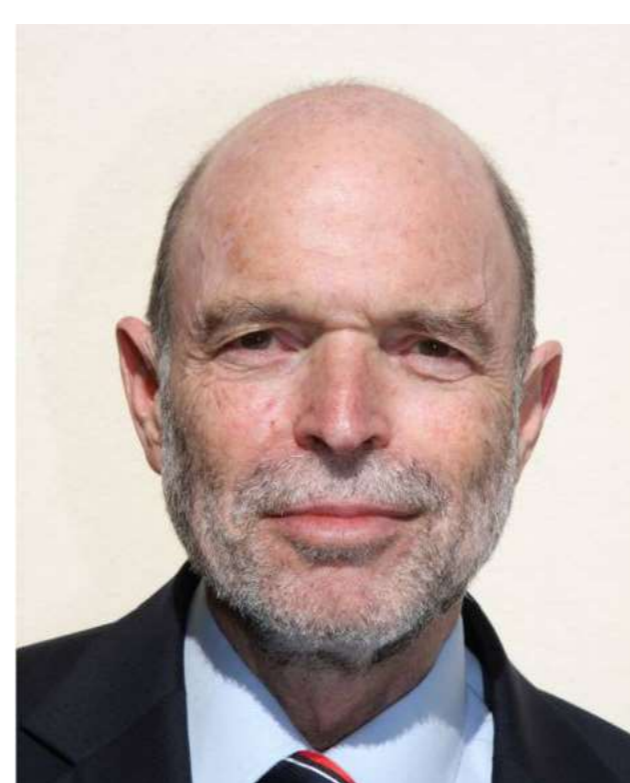
- legal work and income
- use of banking services
- mental and physical health

INTERVIEWS, SURVEYS, MECHANISM DESIGN, AND PILOT STUDIES

Income contingent repayment with an affordable repayment rate (maximum 10%) with a maturity of 10-20 years, after which, remaining debts would be cancelled.



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Joseph STIGLITZ

