

Kreditmoratorien in Zentral-, Ost- und Südosteuropa: Welche Haushalte haben sie beansprucht und wie vulnerabel sind diese Haushalte?²¹

Kreditmoratorien wurden während der COVID-19-Pandemie vielfach eingesetzt, um Liquiditätsprobleme für Privathaushalte und Unternehmen sowie vermehrte Zahlungsausfälle hintanzuhalten. Die nachfolgende Kurzfassung der Studie von Allinger und Beckmann (2021) zeigt aus originären OeNB-Euro-Survey-Daten gewonnene Erkenntnisse zur Nutzung von Kreditmoratorien durch Privathaushalte in zehn CESEE-Ländern. Die Umfragedaten zeigen, dass in Ländern, in denen Zahlungsmoratorien aktiv beantragt werden mussten (im Folgenden: „Opt-in-Länder“), im Durchschnitt 14 % der berechtigten Schuldner diese Option nutzten; in „Opt-out-Ländern“, in denen Moratorien ohne Zutun der Schuldner angewendet wurden, lag der Anteil bei 55 %. Unsere Analyseergebnisse zeigen, dass in den Opt-in-Ländern die Nutzung von Moratorien stark von der individuellen finanziellen Betroffenheit durch die Pandemie abhängt. Der Grad der Verschuldung ist ebenfalls ein maßgeblicher Faktor, insbesondere in Opt-out-Ländern. Die Ergebnisse zeigen auch, dass Schuldner, die zum Zeitpunkt der Umfrage im Herbst 2020 die Nutzung eines Moratoriums bereits beendet hatten, nicht häufiger angaben, im Zahlungsverzug zu sein, als Schuldner, die nie ein Moratorium genutzt hatten. Diese Resultate lassen sich jedoch vermutlich nicht auf Kreditnehmer übertragen, welche im Herbst 2020 noch ein Moratorium nutzten. Für letztere zeigen unsere Analysen, dass sie von der Pandemie durchschnittlich stärker betroffen waren und eine höhere Verschuldung aufwiesen als Kreditnehmer, die ihre Rückzahlungen im Herbst 2020 wieder aufgenommen hatten.

Moratoria design varied across the CESEE-10 countries

One of the tools frequently employed to cushion economic fallout from the COVID-19 pandemic and related containment measures were loan repayment moratoria.²² Repayment moratoria essentially served to alleviate pandemic-related liquidity shocks to households and businesses. In implementing the moratoria, the CESEE-10²³ countries covered in Allinger and Beckmann (2021) adopted a range of approaches, reflecting the varying impact of the pandemic in these countries, the policy mix chosen by governments and central banks, and the different structures of the national financial systems. Countries that provided for public moratoria²⁴ that required borrowers to opt in are Czechia, Romania, Albania and Bosnia and Herzegovina. Some countries chose private instead of public moratoria, which were largely based on initiatives by local banking associations (sometimes in collaboration with the central bank). Private, opt-in

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²² Repayment moratoria were often linked to enforcement moratoria, i.e. the temporary suspension of a lender's right to enforce loan security. Please note that the observations in this study are limited to repayment moratoria.

²³ CESEE-EU: Bulgaria, Croatia, Czechia, Hungary, Poland, Romania; Western Balkans: Albania, Bosnia and Herzegovina, North Macedonia and Serbia.

²⁴ Following general custom, we use the term “public moratoria” to refer to legislative moratoria and the term “private moratoria” to refer to nonlegislative moratoria as provided by several institutions to a large predefined group of obligors regardless of their creditworthiness.

moratoria were implemented in Bulgaria, Croatia²⁵ and Poland. Three countries, Hungary, Serbia and North Macedonia²⁶, chose public opt-out moratoria, meaning that borrowers could opt out of automatically applied moratoria. Besides the differentiation of public/ private and opt-in/ opt-out there were many other differences in moratoria design across countries, which are beyond the scope of this note²⁷.

Data on the actual take-up of moratoria are quite scarce and difficult to compare. This is partly due to the legal complexity of the matter, with a number of countries applying different moratorium regimes sequentially or even in parallel. Beyond private or public moratoria, banks may moreover have bilaterally negotiated repayment deferrals with clients.

So far, very little details are (publicly) known regarding the characteristics of moratorium users and the effectiveness of moratoria in preventing short-term liquidity and medium-term solvency issues in CESEE. The Hungarian National Bank (2020, box 3) was, to our knowledge, the only CESEE-10 central bank to have published more detailed information on moratorium user characteristics by spring 2021.

From a broader perspective, the topic of moratoria is clearly related to the extensive research on debt relief programs for households. For CESEE, research on previous debt relief has, for instance, focused on foreign currency loans (see e.g. Fischer and Yesin, 2019). However, research analyzing debt relief in the form of loan moratoria during the COVID-19 pandemic is still extremely scarce. A notable exception are Cherry et al. (2021), who analyze debt relief measures in the US based on credit registry data. They find that in contrast to previous economic crises, loan default rates did not increase in 2020 along with unemployment and that debt distress was successfully reduced by debt relief measures. Also providing evidence for the US, Haughwout et al. (2020) find that borrowers who relied on debt forbearance had lower credit scores and approximately 30% higher outstanding debt balances than those who did not.

This note gives a short summary of the study of Allinger and Beckmann (2021), which analyzes moratoria usage by CESEE households. Our study is one of the first to fill an important gap in the literature on a highly policy-relevant topic. We present evidence on the use of moratoria by individuals in CESEE-10 collected in the 2020 wave of the OeNB Euro Survey²⁸, which was conducted from late September until early November. To our knowledge, our data are the only comparable cross-country evidence on the use of moratoria by individuals for such a large set of CESEE countries. The note first provides some descriptive evidence on the use of moratoria and then discusses the main results of study related to who used moratoria, differentiating between active and expired moratoria, and preliminary evidence on how moratoria affected loan defaults.

Use of moratoria higher in opt-out countries

According to data from the OeNB Euro Survey, on average, every fourth individual in CESEE-10 had one or more loans outstanding at the time of the interview in fall 2020, but the respective percentages differ considerably across countries (chart 1, left panel). Among loan holders, the take-up of moratoria was particularly low in Bosnia and Herzegovina (~6%) and Romania and Croatia (~9%) (chart 1, right panel). In the other opt-in countries, it was around 16% in Poland,

²⁵ Bulgaria had a public moratorium for a short period of time after the start of the pandemic, while Croatia had a public moratorium for loans from the Croatian development bank, HBOR.

²⁶ In North Macedonia the moratorium was only opt-out for households. In Serbia the moratorium was turned into an opt-in moratorium in December 2020, after the OeNB Euro Survey was conducted.

²⁷ For details see, for instance, section 1 in Allinger and Beckmann (2021).

²⁸ For information on the OeNB Euro Survey see <https://www.oenb.at/en/Monetary-Policy/Surveys/OeNB-Euro-Survey.html>

Bulgaria and Czechia and 19% in Albania. In the opt-out countries, the use of moratoria was highest in Serbia, reaching 68% of loan holders. The distribution between borrowers with active and expired moratoria was quite heterogeneous. The share of borrowers with active moratoria in fall 2020 was by far the highest in Hungary (~80% of users) and the lowest in Serbia (~15% of users) and Albania (~30% of users), the two countries where applications for moratoria were no longer accepted at the time of the interviews. In the other countries, the share of borrowers with active moratoria ranged between 42% in Poland and 57% in North Macedonia.²⁹

Chart 1

Loan and moratorium take-up

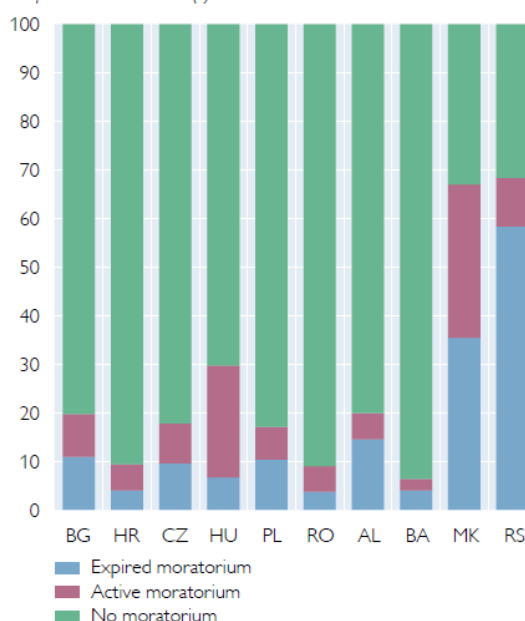
Prevalence of loans

% of individuals



Moratorium use

% of individuals with loan(s)



Source: OeNB Euro Survey, fall 2020.

Note: Data are weighted.

Individuals with active moratoria more vulnerable than those with expired moratoria

With our econometric analysis we aim to answer three main questions: (1) Which individual characteristics have the highest significant correlation with the use of moratoria? We are particularly interested in finding out whether sociodemographic characteristics and preferences, loan features or the degree of affectedness by the pandemic have the highest impact and whether differences can be traced back to moratorium design. (2) Are borrowers who benefited from the moratorium during 2020 but had exited moratoria by fall different from those whose moratorium was still active in fall 2020? (3) How is moratorium use related to loan arrears and default? The combination of these questions is particularly interesting from a policy perspective. After all, we form our expectations regarding credit quality deteriorations over the next months partially from the evidence on whether moratorium users resumed repayment once their moratorium ended. If the characteristics of borrowers with active moratoria were to differ from those of borrowers with expired moratoria, then these extrapolations could be quite erroneous.

²⁹ For differences between publicly collected data and Euro Survey data and a comparison of different sources see section 3 and Table A3 of Allinger and Beckmann (2021).

To answer these questions, we specify different probit models, which are suited to answer each specific research question. Regarding explanatory and control variables, we can draw on a rich set of information on socioeconomic characteristics; information on individual finances, including loan characteristics; beliefs and expectations; trust; financial literacy; indicators of wealth and income; income and labor shocks; as well as mitigating actions taken in response to the COVID-19 crisis.

Regarding the first question on determinants of moratoria usage, our results show that in our sample the take-up of moratoria largely cannot be explained by most socioeconomic characteristics such as income or being unemployed. Moreover, we find differences in the determinants, between opt-in and opt-out countries. In the opt-in countries, where eligibility for moratoria was often tied to being adversely affected by the pandemic, the variables with the largest significant impact on moratoria use were the COVID-affectedness variables. However, also the extent of indebtedness, such as the use of larger loans like mortgages or money owed to several lenders, played a role. In opt-out countries, we expected a different and more diverse set of determinants, as borrowers likely used the moratorium for various reasons including as a precaution. We found that the COVID-affectedness variables were mostly not significant, while variables indicating higher indebtedness and some sociodemographic characteristics (e.g., the condition of the main residence) were more important than in the opt-in countries.

The second step of our analysis confirms that there are differences between borrowers who were still using the moratorium and those who had exited the moratorium by fall 2020. Being adversely affected by the pandemic increased the probability of borrowers still using moratoria at the time of the survey. Borrowers with higher debt amounts or a larger number of debt instruments were significantly more likely to continue to rely on moratoria in fall 2020. Thus, the debt overhang or difficulties servicing debts are likely going to be larger for borrowers who relied on moratoria for an extended period of time or whose moratoria were still active at the time of the survey.

Finally, when looking at arrears, we find that borrowers whose moratoria had expired by fall 2020 are not more likely to be delinquent on loans than borrowers who never took up the moratorium. This finding gives rise to cautious optimism regarding the development of non-performing loans once moratoria expire – even though our result is subject to some caveats, *inter alia*, related to the self-reported nature of arrears. Moreover, our finding regarding loan arrears may not be transferable to borrowers who relied on moratoria for an extended period of time, given our results regarding the differences between borrowers with active and expired moratoria.

Targeted solutions required for borrowers with solvency problems

Our study makes a valuable contribution to close the knowledge gap regarding the use and determinants of moratoria by CESEE households. We show unique descriptive evidence on moratorium use collected in the fall 2020 wave of the OeNB Euro Survey in the CESEE-10 countries. Our analytical results on moratorium use highlight that the policy design had important effects on the determinants of take-up of moratoria. Moreover, we show that borrowers whose moratoria had expired by fall 2020 were able to resume loan repayments and did not fall into arrears. However, this cautiously positive outlook is dimmed by the fact that borrowers whose moratoria were still active in fall 2020 were more affected by the pandemic and also held more debt than borrowers with expired moratoria.

Our results provide some preliminary insights for policymakers. It is reassuring that moratoria indeed reached borrowers who were more vulnerable and less resilient, contributing to reducing a surge in loan defaults during 2020. At the same time, ongoing moratorium use could be an indicator for solvency rather than liquidity issues. Thus, it would likely be overly optimistic to assume that results from borrowers who exited moratoria could be extended to borrowers with

active moratoria. Going forward, banks' and policymakers' focus will need to shift from short-term liquidity support to sustainable restructuring solutions for struggling borrowers. Lessons from the global financial crisis of 2008 should be heeded. For instance, McCann et al. (2020) use the example of mortgage distress in Ireland after the global financial crisis to illustrate the importance of long-term sustainable restructurings rather than short-term fixes. They point toward a clearly positive correlation between deeper up-front repayment cuts and the likelihood of a successful restructuring.

Our results also point out some interesting avenues for future research: While valuable and a good starting point, our results strongly highlight the need for collecting further and more detailed evidence, for example, on debt overhang and especially on moratorium-induced debt overhang. Cross-country surveys could provide insights on how moratoria affected the relationship between lenders and borrowers or into whether government-led debt relief intervention might have created moral hazard problems or induced credit constraints. With a history of banking crises during transition in some of the CESEE-10 countries, government-led intervention in debt relief may have a strong impact on trust in banks. Our results also indicate that the country-specific differences in moratorium design matter as well. Future research may provide insights into whether opt-in or opt-out moratoria proved to be more successful in achieving the different policy goals related to borrower welfare and financial stability. Last but not least, unwinding will have to be country-specific and would benefit from case studies for individual countries.

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