

Press Release

Code for the Settlement of Debts & Provision of Second Chance:

Proper legislative initiative that needs improvement

Athens, 12 October 2020. HFSF Management through its letter to Christos Staikouras, Minister of Finance proposes a series of improvements and additions to the “Code of Debt Settlement & Second Chance”.

In this letter signed by A. Verykios, HFSF President of the General Council and M. Czurda, CEO, it is pointed out that the relevant initiative is timely and, in principle, correct, as within its framework are adopted proposals that had been submitted by HFSF earlier in the past.

During the last decade, economy has experienced a severe financial crisis, which has affected businesses, professionals, and many households. Although measures and legislative initiatives were adopted from time to time, they proved to be inadequate for the effective tackling of the problem. The pandemic of covid-19 was added to the already aggravated situation, thus intensifying frictions within the international economy, and magnifying a wider concern climate.

Undoubtedly, there is a need to create a unified, transparent, and automated framework for dealing with all relevant procedures for both debtors and creditors.

In this context, the more specific proposals reached by HFSF Management, among others, are:

- Further examination of the issue of limiting the reasonable “perimeter” of the debtors to individuals that truly require the protection that is offered through the mechanism for the out-of-court settlement of their debts; also, taking into account that the out-of-court settlement procedure should involve individuals that encounter financial difficulties, it is proposed to include as an additional criterion for the selection of the beneficiaries the significant, exceeding a certain threshold, reduction of the family income within a specified period of time (e.g 3 or 6 months)
- The borrower’s resource to the out-of-court settlement mechanism should not by itself constitute an indicator or a criterion for a possible Unlikely to Pay characterization and for the reclassification of the borrower
- Prior to the implementation of the law, consideration should be given to the various prerequisites of the law, so that the actual and operational date of commencement of the application of the law is not unduly delayed.

HFSF, in pursuit of its objective to contribute to the maintenance of the stability of the Greek banking system for the sake of public interest, will continue to support any initiative and action serving this purpose.

THE END

For additional information:

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About Hellenic Financial Stability Fund (HFSF)

The Hellenic Financial Stability Fund (HFSF) was founded in July 2010 with the objective of contributing to the stability of the Greek banking system for the public interest. Under its founding law (N. 3864/2010) it enjoys administrative and financial autonomy and operates as a private legal entity.