

Abstract

Collection of Non-performing Loans in Banks

PROFESSIONAL ARTICLE

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Increase in the share of non-performing loans in overall loans volume is one of the key problems throughout the banking sectors. To enable collection, it is important to timely define the most appropriate strategy for each loan receivable with the aim of shortening the payment collection time, increasing the payment amounts and reducing legal actions. The analysis in this paper indicates that too many amendments to legislation, as well as lengthiness, inefficacy and uncertainty of judicial proceedings present significant obstacles to debtor recovery and/or loan collection in many European countries, including the Republic of Croatia. Therefore it is important for each country, in cooperation with banks and regulators, to carry out a comprehensive analysis of the existing legal and regulatory framework in order to identify and then remove obstacles to solving non-performing loans. The legal and regulatory framework for non-performing loans resolution needs to be simple, efficient, transparent and practical.

Keywords: non-performing loans, workout strategies, legal and regulatory framework

JEL classification: G21, G33

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