

NEWSLETTER

Temporary Limitation of Interest Rates on Housing Loans



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On 11 September 2023, the National Bank of Serbia adopted the Decision on temporary measures for banks in relation to housing loans to natural persons. In this way, the interest rate is limited for borrowers who are beneficiaries of their first housing loan with a variable interest rate, the contractual amount of which does not exceed EUR 200,000.00 and which is secured by a mortgage.

For these borrowers, the nominal interest rate is **temporarily capped for the next 15 months**, starting with the October instalment. After the expiry of the application of this Decision, the banks are not entitled to claim from the borrower any part of the interest which they had not calculated and applied as a result of the application of the interest rate prescribed by this Decision.

In the case of housing loans that were approved until 30 July 2022 - the nominal interest rate is capped at 4.08%, which means that these borrowers will have their loan instalments reduced from 10% to more than 25%.

For housing loans approved between 31 July 2022 and the date of entry into force of the decision, having an initial interest rate higher than 4.08%, the beneficiaries will pay a reduced instalment of the loan with interest from the original repayment plan until the end of December 2024. This means that these borrowers will also be protected from further increases in loan instalments.

The interest rate is limited in terms of its additional increase, while banks are obliged to adjust the amount of the instalment in accordance with the housing loan agreement concluded in the event of a reduction in variable interest rates.

In addition, during the period of application of this Decision, banks are obliged to allow any beneficiary of financial services to repay, at their request, the housing loan in full or in part, irrespective of the amount repaid early.

The decision came into force on 13 September 2023 and will remain in force until 31 December 2024.