



OESTERREICHISCHE NATIONALBANK

EUROSYSTEM

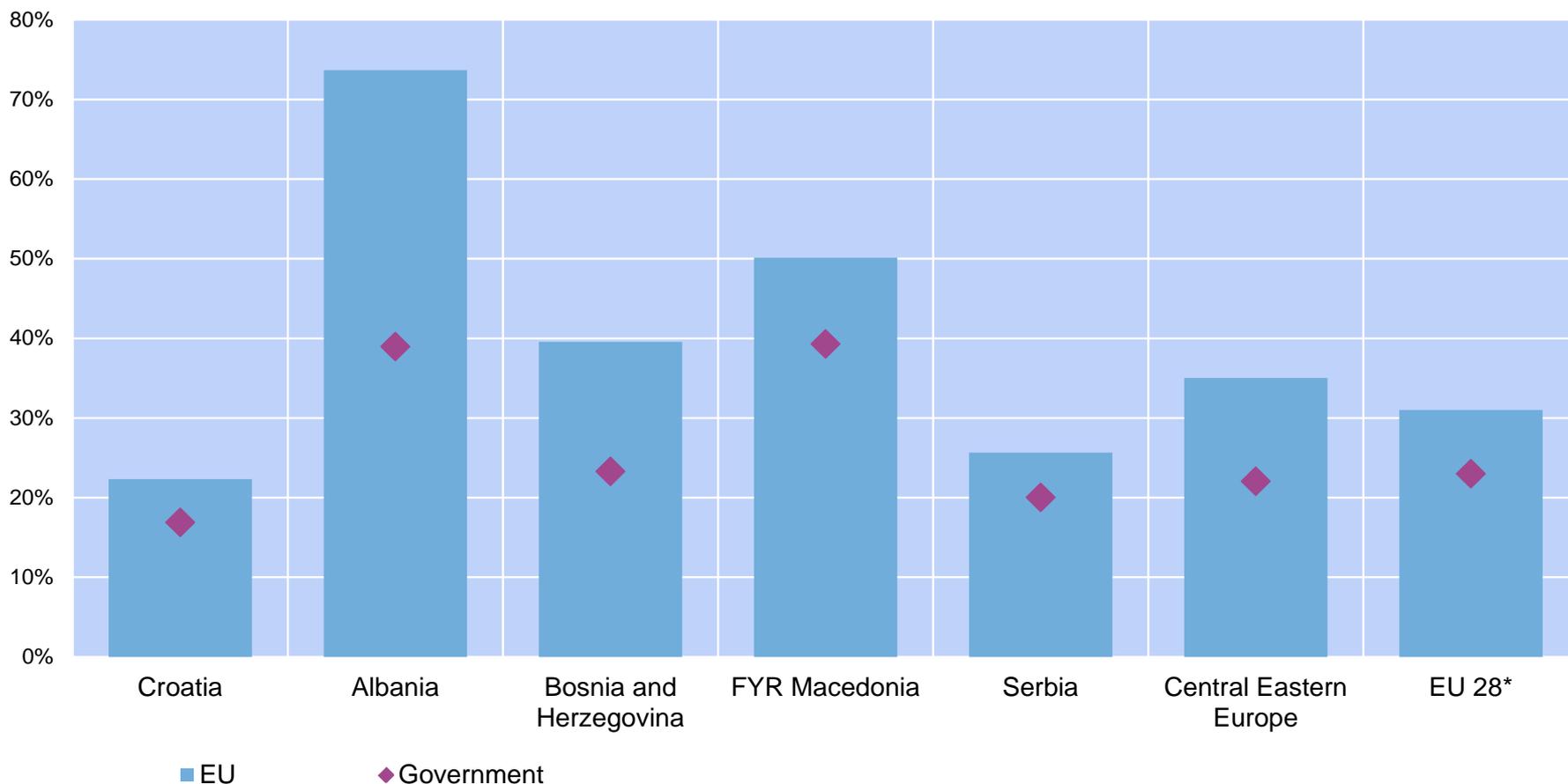
Key challenges for the CPCCs on their way to the EU and EMU

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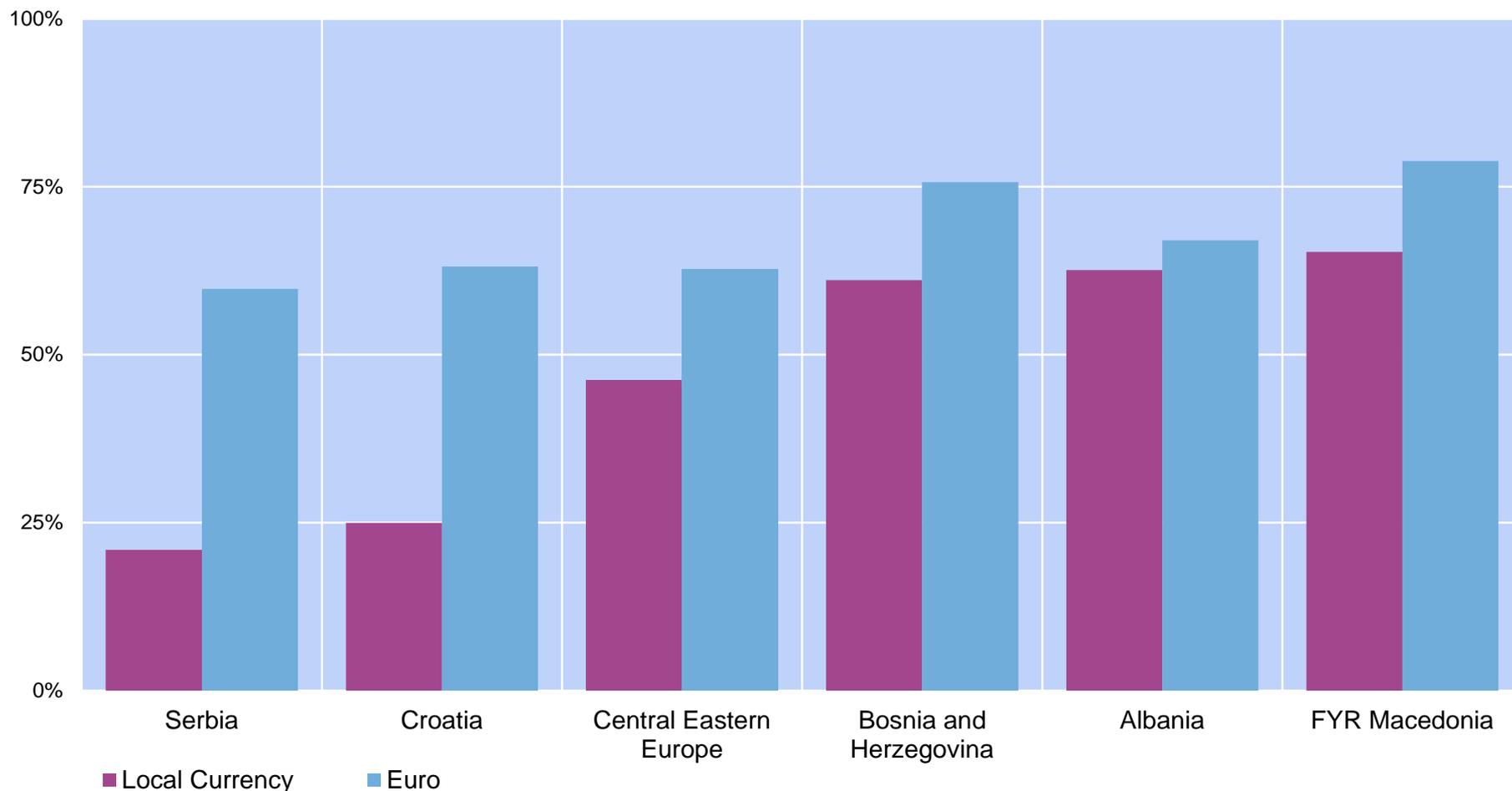
Trust in the European Union and National Governments



Source: OeNB Euro Survey, average 2009-2013, *Eurobarometer, November 2013.

Note: The values represent the share of respondents answering that they "somewhat trust" or "trust completely" the respective institution. Excluding respondents answering "Don't know" or "No answer". Values for Central and Eastern Europe are the unweighted average for the Czech Republic, Hungary and Poland of the OeNB Euro Survey.

Trust in the Euro and Local Currencies



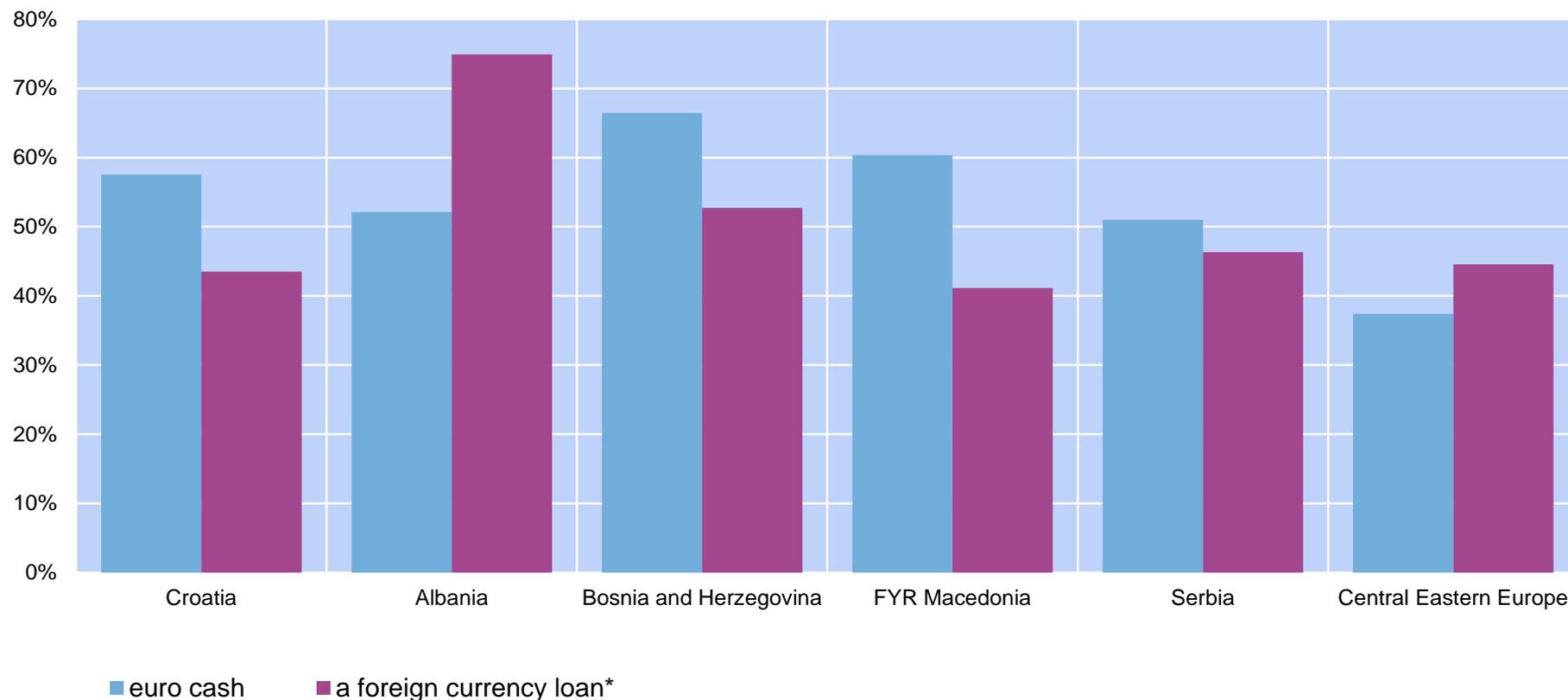
Source: OeNB Euro Survey, fall 2013.

Note: Respondents were asked whether they agree or disagree with the statement "Over the next 5 years, the [local currency / euro] will be very stable and trustworthy. Values for Central and Eastern Europe are the unweighted average for the Czech Republic, Hungary and Poland.

Expected Euro Introduction and Euroization

I Have Euro Cash / a Foreign Currency Loan Because my Country Will Introduce the Euro Sooner or Later.

in % of respondents with euro cash / FX loan



Source: OeNB Euro Survey, cash: 2007-2008, FX loans: 2008, 2010.

Note: * Percentages are based on low number of observations, Central Eastern Europe only includes Hungary and Poland.

Trust in the Euro – A Double-Edged Sword?

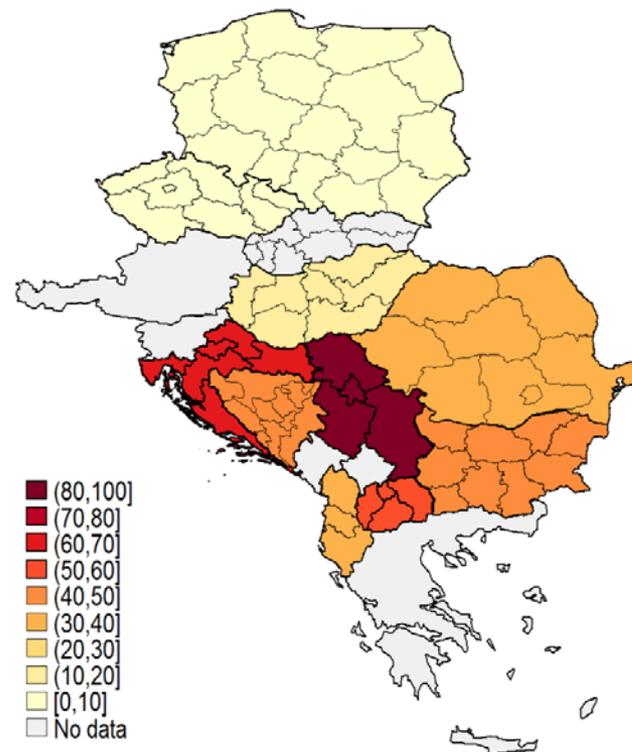
De facto use of the euro widespread phenomenon with important implications:

- for the countries concerned: conduct of monetary and fiscal policy.
- for the euro area: euro cash in circulation abroad
- for both: foreign currency loans

OeNB Euro Survey of Households

- Semi-annual survey conducted since 2007
- Representative sample of 1000 respondents per country & survey wave
- Content of survey: distribution of foreign currency assets and liabilities, actual and planned portfolio structure, sentiments, memories and expectations

Asset Eurozation Index 2007-2012



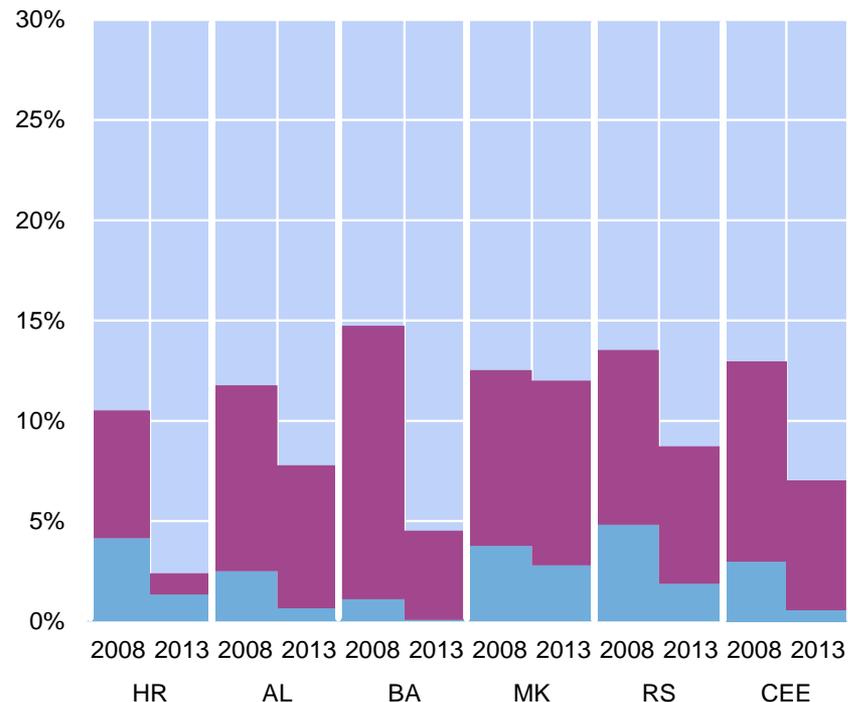
Eurozation Index=
(Euro Cash + Foreign Currency Deposits) /
(Total Cash + Total Deposits)

A Double-Edged Sword? Liability Euroization

Do you have a loan?



Do you plan a loan?



■ Yes, in Foreign Currency. ■ Yes, in Local Currency.

Source: OeNB Euro Survey.

Non-Performing Loans – FX Driven?

Income versus Installment Shocks

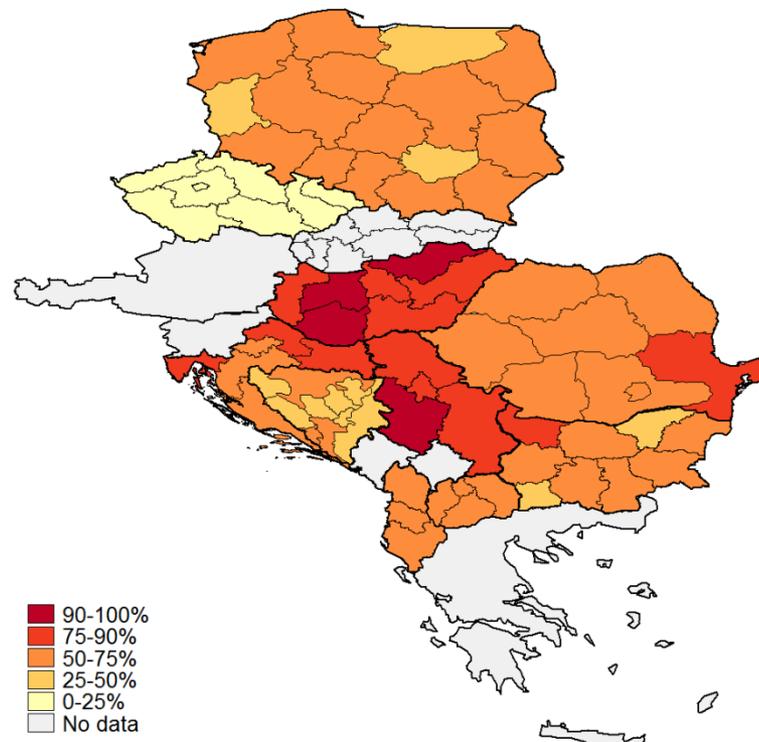
Self-Reported Reasons for Loan Arrears

% of respondents in loan arrears



Source: OeNB Euro Survey, average 2010-2013.

Financial Difficulties due to FX Loans

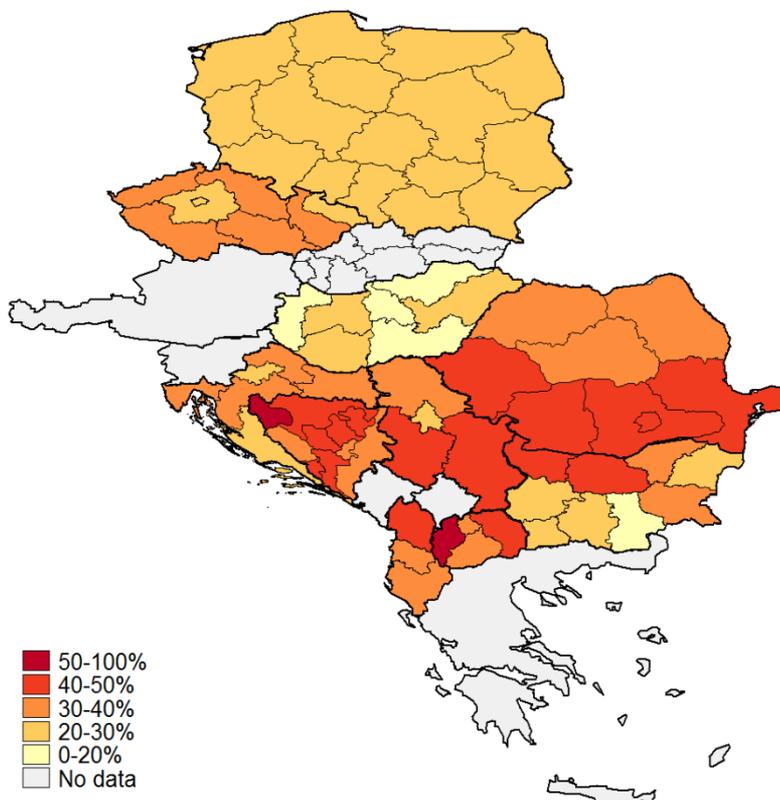


OeNB Euro Survey 2010-2013.

“I know someone who has gotten burned on a foreign currency loan because repayments became much higher than expected.”

Bank Services – Addressing Households’ Needs?

Perceived Distance to Nearest Bank

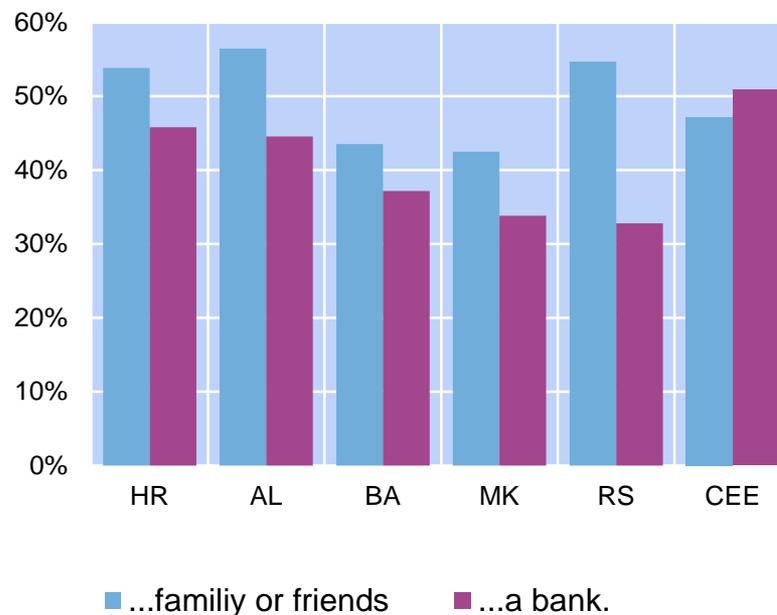


Source: OeNB Euro Survey, 2009-2013.

“For me, it takes quite a long time to reach the nearest bank branch.”

Formal versus Informal Borrowing

Perceived Possibility to Borrow a Significant Amount From...



Source: OeNB Euro Survey, Fall 2013.

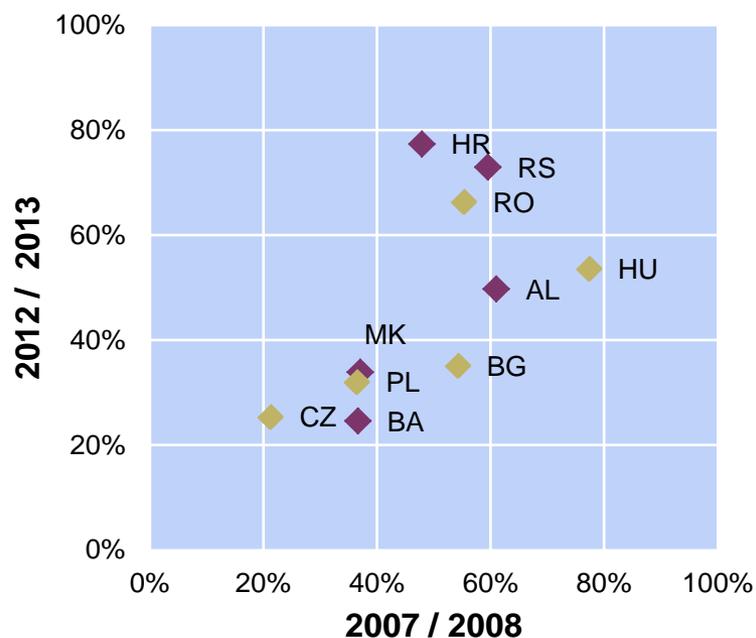
“Generally speaking, would you have the possibility to borrow a significant amount of money from a bank / friends or family?”
 Values show percentage of respondents who respond “yes, almost certainly” or “yes, probably.”

Expectations

– Persistent Due to Memories of Previous Crises?

Depreciation Expectations of the

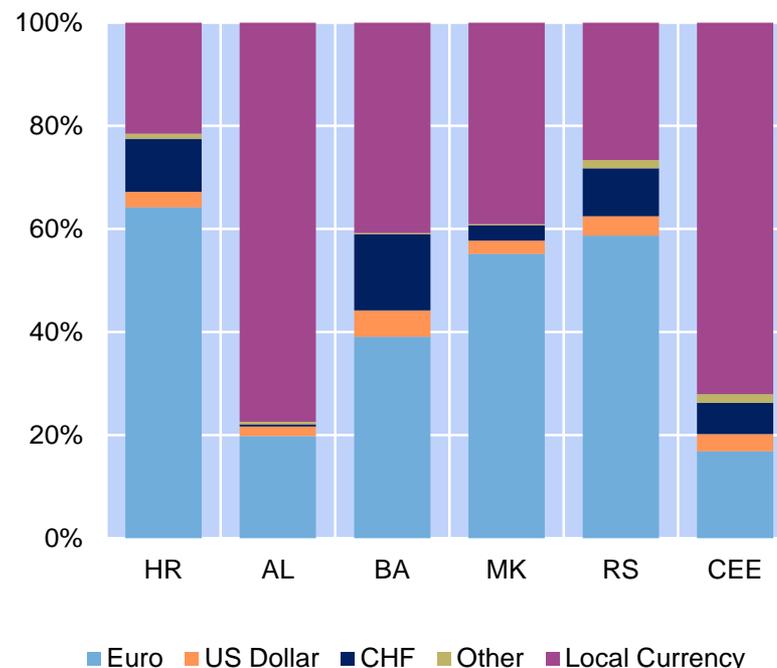
Local Currency against Euro



Source: OeNB Euro Survey.

Foreign Currency Deposit Demand

Preferred Currency for Savings Deposit



Source: OeNB Euro Survey, fall 2013.