

Croatia

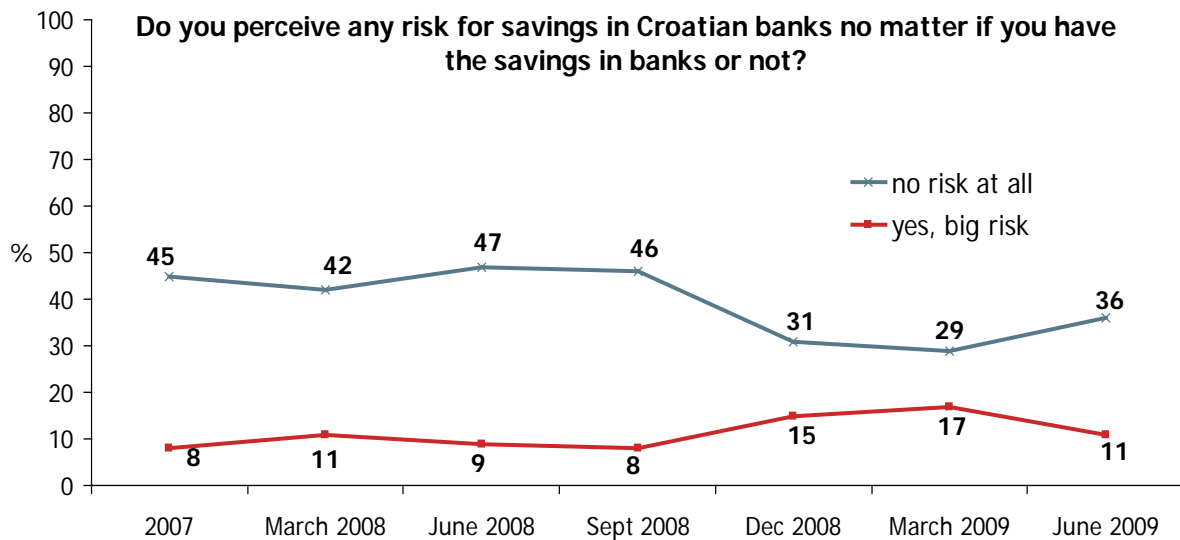
Croatian citizens are getting used to the crisis

In the same way as other countries, Croatia has experienced many negative effects as a result of the global economic crisis. The standard of living has suffered and people have been forced to cut their spending on clothing and leisure activities. Expectations are not optimistic: the majority of people believe that rises in unemployment figures and prices will continue to have negative effects on their quality of life.

Confidence in a rapid recovery is low – the opinion that the crisis will last for several years dominates the country. The effects (and fear) of the crisis were particularly obvious at the end of last year and the beginning of this year. In March 2009, people reported there was less potential for savings compared to 2008.

As was to be expected, the crisis and the instability of banks in foreign countries have also affected people's confidence in the domestic financial system. Confidence in the security of bank deposits had decreased substantially at the end of last year and remained at the same level at the beginning of 2009.

However, some positive changes in the mood in the country took place before the summer. The number of citizens who believed their household would be able to save some money in the following 12 months increased from 16% in March 2009 to 25% in June 2009. By June, too, people saw less risk in keeping their money in banks. In December 2008 and March 2009 approximately 30% of people thought that investment in fixed term deposits in banks was completely risk-free and by June this number had gone up slightly to 36%.





People do not think the crisis is over. They do not even think it will be over soon. Why are they more optimistic now?

We believe they have "got used" to the crisis. Fear and uncertainty have declined and, to some extent, people have adapted to the new conditions. They still intend to be more cautious and will try to avoid debt. The good news is that they want to be thriftier and, since confidence in the security of their savings is recovering, they will probably invest more in savings in banks.

Contact:

Senka Brajovic

Research Consultant

GfK Croatia

10 000 Zagreb, Draskoviceva 54

Croatia

Tel.: + 385 (1) 4921 222 / ext. 112

Fax: + 385 (1) 4921 223

senka.brajovic@gfk.com

www.gfk.hr