

**Statement of the Minister of Economy and Finance on the draft Law on borrowers' protection and the international financial turmoil**

*Athens, 2 October 2008*

The Minister of Economy and Finance Mr. George Alogoskoufis has made today the following statement:

"We face in the current juncture a profound international financial crisis the duration of which cannot be predicted, while concurrently we experience a surge of inflation globally due to the increase of oil, food and other commodities prices. It is clear to everybody that in a period of increasing interest rates, there is also an increase in the debt servicing burden of borrowers. The Government is sensitive to this issue and promotes all possible measures for supporting our fellow citizens, which are in a difficult situation, in particular in the context of the distressed international circumstances.

We submit today to the Parliament the draft Law on borrowers' protection. With this Law we take concrete measures, as we had promised. Specifically with this draft Law:

- The minimum amount under which it is not allowed to confiscate and auction the single residence of a borrower is raised from €10.000 to €20.000.
- The existing prohibition of banks to confiscate salaries, pensions or social insurance benefits – irrespective of amount – is extended to the case where these amounts are paid-in a bank account of the recipient.
- It is forbidden to auction real estate property, for which the objective price system applies, below their objective price. This measure covers real estate property within city plans, as well as outside city plans, to the extent that for the latter objective prices have been set.
- The auction of real estate property and other mobile property will be conducted solely at the various Magistrates' Courts with written, sealed offers submitted at the beginning of the auction.
- We increase the guarantee needed for the participation in the auction from the 1/3 to 100% of the initial offer amount.
- Lastly, a special measure for debtors to the State. We increase the limit under which it is forbidden to confiscate part of salaries, pensions and other social security benefits due to debts towards the State from €600 to €1.000.

I also want to make an additional statement, because I have been informed that during the last couple of days some citizens, influenced by unfounded rumors, have shown with their behavior some nervousness regarding the banking system of our country. I reiterate once again: The Greek banking system is definitely sound and safe. In addition I declare that the deposits of citizens in all banks operating in Greece are absolutely guaranteed".