

GVH: Increasing competition in the credit market

Budapest, 30 January 2024 - The Hungarian Competition Authority (GVH) is advocating of banks' voluntary commitments to increase lending competition. The GVH welcomes the steady increase in competition in the lending market, which is better for borrowers and can contribute to the recovery of economic growth.

The GVH is favouring - an additional voluntary commitment of the financial institutions engagement, in more lending competition. If banks offer new corporate loan contracts on a "special offer" basis, i.e. by reducing the interest rate spread above BUBOR to 0% over the next 3 months, borrowers will benefit.

The GVH had already pointed out in its [press release of 3 October 2023](#), that it was essential to stimulate demand in a frozen lending market, and that the voluntary interest rate caps agreed at that time could unfreeze the frozen credit market. Last October, the GVH also pointed out that the regular review of voluntary interest rate caps in a declining interest rate environment could help competition to flourish in the market.

The GVH continues to recommend that borrowers should always ask for offers from several banks and inform themselves thoroughly before taking out a loan, thus further stimulating competition between banks. At the same time, the national competition authority also draws attention to the fact that it is using the tools at its disposal to ensure that competition in the credit market is further stimulated and that there is no anti-competitive cooperation between market players.

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