



HRVATSKA NARODNA BANKA

## Lender of last resort

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The Croatian National Bank plays the role of the lender of last resort. For that purpose, it may lend a short-term liquidity loan or grant approval to a solvent credit institution experiencing liquidity problems to reduce maintained and/or allocated reserve requirements.

The central bank's role of the lender of last resort implies the provision of liquidity to solvent credit institutions which at some point in time cannot meet their liquidity needs in the market in order to preserve the stability of the banking and financial system and prevent the panic associated with temporary liquidity problems of credit institutions.

For that purpose, the Croatian National Bank can use the instrument of a [short-term liquidity loan](#), which is granted to banks experiencing liquidity problems, provided that they are solvent. The loan is granted on the basis of a written request of a credit institution for which it has been established that it has liquidity problems. In that case, pursuant to a special decision of the CNB Governor, a credit institution may be granted approval to [reduce maintained and/or allocated reserve requirements subject to a certain interest rate](#).

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