

Legal Regulation of Credit Unions in the Czech Republic – resumé (English)

This dissertation work enters on legal regulation of credit unions in the Czech Republic with special emphasis to small non-holding type of Credit Unions.

Credit Unions are in Czech legal regulation also called saving and loan cooperatives. This term reflects exactly the substance of the original credit unions, which came into existence in the middle of the nineteenth century. In those times credit unions were small cooperatives of people. Members of credit unions were able to obtain loans from the cooperative which they would never be able to receive from any other entity. This way credit unions contributed to the growth of economy.

After the second world war credit unions were nationalized. Their property was transferred to State savings bank and has never been restituted to credit unions.

In 1995 a new piece of legislation was approved. It was called The Credit Union Act no. 87/1995 in The Collection of Laws of the Czech Republic. After The Credit Union act came into force many Credit Unions were founded. Many people entrusted them all their available capital. Unfortunately the Credit Union Act was of poor quality and the responsible leaders of Credit Unions were unexperienced. There was a huge complex of causes that conduced to colaps of the sector. During this excessive process in the Czech economy the credibility of Credit Unions was considerably disturbed.

After the breakdown legal steps to avoid similar situatuion in the future followed. Many regulations of the European Union were implemented into the Czech legal system and the conditions for founding and functioning of Credit Unions were made more restrictive.

Now, in 2009, after fourteen amendments there are new endeavours to revive the concept of Credit Unions and to reintroduce them to the Czech financial market although the question whether they are viable still remains.