

Trust in the Currency - The Case of the Euro Introduction in the Croatia¹

Katarina Marošević* and Dirk Wentzel**

I. Croatia and the Eastern Expansion of the Euro

On January 1, 2023, Croatia was accepted to become the 20th member of the Eurozone. The way to the Euro was “not a race, but a responsible political decision”, as the Council of the European Union has stated on July 12, 2022, when Croatia had adopted the final three legal acts that enabled the country to introduce the Euro. The conversion rate of the old Croatian currency was 7,5340 Kuna for one Euro. Due to the historic experiences of other countries who had adopted the Euro previously, prices in Croatia had to be marked both in the new currency Euro and in Kuna at the same time until December 31, 2023, in order to prevent unjustified price increases during the transition process.

In contrast to other Eastern European countries like Poland or Hungary who still reject the membership in the Eurozone, Croatia followed an ambitious process to qualify for the Euro. Also the European Central Bank confirmed the successful way of Croatia and supported their request for membership. A special advantage for Croatia and their support for the Euro application was the fact that more than 400.000 Croats live in Germany, but still maintain very close ties to their home country. A lot of Croats have been sending money home to their relatives so that many people were already used to the new currency. The fact, that tourism is the number one industry in Croatia also contributed to that transition process.

¹ This paper about trust in currency was presented at the international research seminar in Radein/Italy (www.radein.de) in February 2023. Our special thanks goes to Franz Seitz for very helpful comments on our first draft of the paper. We are also very thankful for a lively discussion of the topic with the audience. ²

* Katarina Marošević is Associate Professor at the J. J. Strossmayer University in Osijek, Faculty of Law, Osijek, Croatia (katarina.marosevic@pravos.hr)

** Dirk Wentzel is Professor of Economics at Pforzheim University, Pforzheim, Germany and holding a Jean Monnet Chair in European Economic Integration (dirk.wentzel@hs-pforzheim.de).