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ECONOMIC AND LEGAL ASPECTS OF USURIOUS CONTRACTS

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Abstract
The ability to secure financing is essential in light of economic decision-making. However, when traditional sources of financing are out of reach, individuals often opt for alternative methods. Among them, usurious contracts stand out, which are characterized by extremely unfavorable conditions for the debtor, including unreasonably high interest rates and other forms of economic exploitation. The aim of the paper is to research and analyze the phenomenon of usury contracts from economic and legal aspects, with a focus on judicial practice and legislative solutions in the countries of the Western Balkans. The conditions under which the contract can be characterized as usury, its legal validity, the possibility of annulment, and the consequences arising from it are analyzed. Special attention is paid to the challenges in recognizing and sanctioning such contracts, bearing in mind the fact that they often occur on the border of legality. Special attention is paid to the assessment of the effectiveness of the existing debtor protection mechanisms and to the identification of opportunities for improvement of the regulation. Analyzing the legal systems of different countries creates a basis for formulating recommendations that can contribute to strengthening legal certainty and a more effective fight against usury.
Keywords: usurious contracts, debtor protection, interest rates, criminal aspect, comparative law.

EKONOMSKO - PRAVNI ASPEKTI ZELENAŠKIH UGOVORA

Apstrakt
Sposobnost da se obezbedi finansiranje je od suštinskog značaja u svetlu donošenja ekonomskih odluka. Međutim kada su tradicionalni izvori finansiranja van domašaja, pojedinci se neretko odlučuju za alternativne metode. Među njima se izdvajaju zelenaški ugovori, koje karakterišu izuzetno nepovoljni uslovi za dužnika, uključujući neprimereno visoke kamate i druge oblike ekonomske eksploatacije. Cilj rada je istraživanje i sagledavanje fenomena zelenaških ugovora sa ekonomskih i pravnih aspekata, sa fokusom na sudsku praksu i zakonodavna rešenja u zemljama Zapadnog Balkana. Analiziraju se uslovi pod kojima se

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ugovor može okarakterisati kao zelenaški, njegova pravna valjanost, mogućnost poništenja i posledice koje iz toga proizilaze. Posebna pažnja posvećena je izazovima u prepoznavanju i sankcionisanju ovakvih ugovora, imajući u vidu činjenicu da se oni često dešavaju na granici zakonitosti. Posebna pažnja je posvećena oceni efikasnosti postojećih mehanizama zaštite dužnika i identifikovanju mogućnosti za unapređenje regulative. Analizom pravnih sistema različitih zemalja stvara se osnova za formulisanje preporuka koje mogu doprineti jačanju pravne sigurnosti i efikasnijoj borbi protiv zelenašenja.
Ključne reči: zelenaški ugovori, zaštita dužnika, kamatne stope, krivični aspekt, uporedno pravo.

INTRODUCTION

Economic growth and development of modern societies are inextricably linked to the functioning of financial markets and the availability of capital. Traditionally, financial intermediaries play a key role in providing funds for investment and consumption. However, the importance of endogenous capital accumulation, i.e. savings as a pillar of economic development, which does not create debt and thus reduces the need for external financing, is often overlooked (Antić, 2019). It is precisely in this space between formal and informal lending, with a lack of available legal sources of financing, that various forms of the gray economy appear, among which the phenomenon of usury stands out.

The concept of usury is not a new phenomenon in economic and legal systems. Even in ancient times, the issue of interest and the morality of charging it was the subject of philosophical and legal debates. In Roman law, taking interest was considered immoral, and Greek philosophers held similar views. Plato warned that "the Greeks seem to be constantly increasing the number of idlers and beggars", while Aristotle considered the acquisition of money through interest "unnatural" (Milošević, 1957). During the Middle Ages, many legal systems attempted to limit or outlaw usury, with some states prescribing maximum interest rates, while others outlawed all forms of interest-bearing loans.

Legal systems founded on religious grounds went one step further in banning usury. Within the framework of canon law, the collection of interest was strictly prohibited, and any form of usurious business was considered a serious moral offense (Živković, 2006). A similar principle is present in Sharia law, where charging interest, as well as any form of speculative business, is categorically prohibited (Cavalier, 2014). Such attitudes indicate that the issue of usury, apart from the economic one, also had a strong ethical and moral character.

However, as world economies opened up and connected through globalization and liberalization of financial flows, the protective mechanisms of many countries weakened, which enabled the strengthening of informal forms of financing. Although for decades numerous countries protected their financial systems by isolating them from international shocks, today's reality brings increased opportunities for economic subjects, but also increased risks and more frequent crises (Radevic, Lekpek).

In modern society, money is one of the most important resources, the management of which requires great attention and professionalism. It is managed with the help of highly trained experts, whose moral and professional credibility plays a key role in maintaining trust in the financial system. It is precisely in situations where morality

and ethics in business are weak that moral integrity takes precedence even over professional knowledge (Figurek, Vujnović-Gligorić, 2011).
On the other hand, the attitudes of individuals towards borrowing differ significantly. While some see debt as a useful tool for financing investments and consumption, others instinctively avoid it, considering it a source of insecurity (Đukić, 2019). It is precisely these differences in the perception of debt that shape the financial culture of society, but also create a space in which usurers recognize the opportunity to make a profit at the expense of financially vulnerable individuals.
When institutional mechanisms are not sufficiently developed or are not available to the broadest strata of the population, savings and investments do not meet in the formal financial system. Instead, there is direct financing between individuals, outside the institutional framework. This form of financing, although practical in certain situations, carries a number of risks - from legal uncertainty to abuses and exploitation of the weaker party (Cramer, Dietz, Thiesen, 1999).
It is precisely in this vacuum, where legal protection is absent, that usury develops in its modern form. Today, the term "usury" no longer denotes exclusively a trader who resells crops at higher prices, but an informal creditor who places money under extremely unfavorable conditions, with extremely high interest rates and often outside the legal framework (Gavrilović, 2021). This paper analyzes the economic and legal aspects of usury, its historical development, contemporary forms of manifestation and legal mechanisms available in the fight against this phenomenon.

ECONOMIC ASPECT OF USURIOUS CONTRACTS

Usury as an economic phenomenon exists as a consequence of the imbalance between supply and demand for money in modern economies. According to Senf (2005), all participants in economic flows - individuals, households, companies and the state - have a constant need for additional funds, especially in situations of low liquidity and limited access to formal financial sources. When traditional financial institutions, such as banks, reject certain groups of clients due to strict credit assessment criteria, they turn to alternative, often illegal, sources of financing (Đukić, 2019).
According to Seidl (1970), usury contracts are characterized by three key economic features:

- Extremely high interest rates - These loans far exceed the legally permitted interest limits, since they are carried out outside the regulatory framework of financial institutions. Interest rates can be many times higher than those in the formal banking sector, leading to financial exhaustion of borrowers and increasing the risk of long-term over-indebtedness.
- Low creditworthiness of borrowers - The target group of usurers are usually individuals who do not have access to traditional financial institutions. Borrowed funds are often used for high-risk activities, such as gambling or informal investments, which further worsens the borrower's financial position and leads him into a vicious circle of debt.
- Links with organized crime - These types of loans are often part of a wider criminal network, in which creditors resort to illegal collection methods, including

intimidation, coercion and violence. These activities seriously threaten legal certainty and represent a significant social problem.

These characteristics clearly differentiate usurious lending from legal lending, highlighting the need for effective legal mechanisms that would prevent abuses and protect the most vulnerable social groups.

Modern legal frameworks try to regulate credit operations through clear institutional mechanisms. Banks and other financial institutions are authorized to provide loans, whereby the creditworthiness of clients is assessed, and loans are approved with interest and other charges (Banking Act, 2005). However, the part of the population that does not meet the banking conditions - either because of a bad credit history, over-indebtedness or inability to meet formal requirements - often resorts to informal loans, which opens up space for the development of the illegal credit market and abuses, characteristic of money laundering.

Although we often associate usury with individuals who offer quick loans under unfavorable conditions, research shows that such practices are part of the broader informal economy. Organizations such as private credit agencies, debt collection agencies and certain investment firms use regulatory loopholes to carry out lending activities without specific approvals from competent authorities. Such institutions are not under the direct supervision of central banks, but are often registered in a way that allows them to operate without clear restrictions. This regulatory vacuum contributes to the survival of informal financial activities that, although outside official channels, have a significant impact on the economy (Marx, 2018).

The illegal loan market functions as a parallel financial system that, although competitive with banks in terms of availability, carries disproportionately higher risks for borrowers. The initial loan offer may seem attractive, but through hidden costs, high commissions and forced collection methods, debtors are put into a situation of continuous debt. Leong et al. (2022) point out that usurers are most profitable when they work with borrowers of medium credit risk – those who are solvent enough to make regular interest payments, but not creditworthy enough to qualify for bank loans.

An additional problem is the connection between illegal lending and criminal activities. A study by Leong et al. (2022) shows that payday loans are often part of a wider network of organized crime, where the proceeds from these activities are used to launder money and finance other illegal activities.

Although the criminalization of usury is necessary, practical experience shows that repressive measures alone are not enough. Their analysis of the illegal loan market in Singapore showed that increased regulation and repressive measures against usurers can have paradoxical effects. The result of the police action in 2014 was a reduction in the number of illegal lenders by almost 50%. However, this move simultaneously caused interest rates to rise from 20% to 35% in a six-week period, which further aggravated the financial situation of borrowers (Leong et al., 2022). The regulation of this sector requires a balanced approach – strengthening formal financial institutions and enabling access to credit for risk groups could reduce the demand for informal loans and thus reduce the consequences of usury (Leong et al., 2022; Marx, 2018).

Contemporary economic trends show that the informal economy cannot be completely eradicated, but its better understanding and regulation can contribute to reducing the

negative consequences for society and the economy. Instead of solely relying on repressive measures, the state should develop mechanisms that will allow better access to legal credit options and increase financial literacy of citizens, thereby reducing dependence on informal loans in the long term (Leong et al., 2022).

Going usury has serious social and psychological consequences. Debtors are often left without property, family relationships are disrupted, and some are forced to leave their place of residence to avoid pressure from creditors, making this phenomenon long-term harmful for individuals and the community. In extreme cases, debts lead to depression, suicides and the involvement of criminal groups for forced collection (Miladinović, 2011).

The economic dimension of the problem is reflected in the fact that inadequate regulation, as well as weak application of existing norms, leads to the disruption of the capital market, the strengthening of the informal economy and the loss of trust of citizens in the institutions of the system. In this sense, the experiences of EU member states, such as Slovenia and Croatia, which through legal restrictions on interest rates, the development of financial literacy and the proactive role of regulators have significantly reduced the scope of such contracts, can represent a valuable basis for the improvement of national systems in the countries of the Western Balkans (European Consumer Debt Network, 2018).

ECONOMIC FACTORS THAT ENCOURAGE THE GROWTH OF USURIOUS BUSINESS AND ITS IMPLICATIONS

Usury, as a specific form of informal lending, has deep economic roots, especially in countries with a low level of economic stability, limited access to formal financial institutions and pronounced financial illiteracy. In economies with a high unemployment rate and a weak social system, economically vulnerable categories of the population often have no choice but to seek funds in the informal sector, where usury assume the role of "last source of financing" (Leong et al., 2022). This phenomenon is especially present in the countries of the Western Balkans, where the gray economy dominates and where financial exclusion is a chronic problem.

Additionally, periods of economic crisis, inflationary pressures and income uncertainty exacerbate the need for quick cash, which opens up space for the growth of usurious activities. As the prices of basic foodstuffs and energy sources rise, and social protection systems remain ineffective, the demand for emergency loans under extremely unfavorable conditions grows exponentially (Marx, 2018). A special risk arises in situations where these loans are related to urgent life circumstances, such as the cost of treatment or education, because then the ability of borrowers to make rational decisions significantly weakens (Seidl, 1970; Miladinović, 2011).

Interest rates in the informal sector are formed outside the framework of institutional regulation, and they are dominantly determined by the risk perception of creditors. In conditions of macroeconomic instability and high inflation, usury additionally raise interest rates to compensate for the risk of default (European Consumer Debt Network, 2018). Without regulatory oversight mechanisms, the interest rates they impose often exceed all legal limits, making the whole process economically and legally unsustainable. (Leong et al., 2022).

In addition to direct economic consequences, usury also produces serious social and developmental implications. Asset redistribution through usurious arrangements further deepens social inequalities, whereby already impoverished debtors become even more vulnerable, while creditors with excess capital rapidly increase their wealth (Kennedy, 2006). Interest rates hidden in the prices of products and services, which originate from such arrangements, additionally burden the most sensitive layers of society.

The negative implications of usury go beyond the individual level, as they are directly related to broader socio-economic problems, including the strengthening of criminal networks and the collapse of business ethics. Seidl (1970) warns that usury often goes hand in hand with illegal activities such as drug trafficking, smuggling and organized gambling. In addition, it contributes to the erosion of the business environment, distorts competitiveness and increases corruption, while making access to legal credit lines even more difficult, especially for marginalized groups.

One of the key problems in researching the phenomenon of usury is the extremely limited availability of reliable data, both in Serbia and internationally. Since the majority of transactions take place in the informal sphere, outside of institutional supervision, the assessment of the actual volume and geographical distribution of usury becomes extremely complex. However, what is clear from previous research is that usury is not a phenomenon reserved exclusively for underdeveloped or transition economies, but is also present in developed countries with sophisticated financial systems.

Thus, research by Leong, Lee, Pavanini and Walsh (2022) indicates that illegal money lending (IML) is not limited to countries with a low level of economic development, but also plays a significant role in developed economies such as India and China.

In India, informal lenders are often individuals or small business owners, who are not formally connected to organized crime groups, but offer loans at extremely high interest rates precisely to those who are excluded from the formal financial system. Interestingly, such practices are not always fully criminalized, but in certain cases are tacitly tolerated as part of the broader concept of financial inclusion (Leong, Li, Pavanini, & Walsh, 2022).

Similar patterns have been identified in China, where professional lenders often come from local communities and use their social connections and reputation as a basis for placing loans in rural areas. In such contexts, informal loans become part of a wider network of social relations and mutual trust, which makes their detection and suppression even more difficult. It is particularly worrying that even former prison officers and police officials do not have precise data on the measures taken to control these activities, which clearly indicates the deep rootedness of usury in socio-economic flows (Leong et al., 2022).

The global nature of usury emphasizes the need for comprehensive research and international cooperation in order to more effectively suppress this phenomenon, since it represents a complex economic, social and legal challenge with long-term negative implications for society as a whole.

LEGAL ASPECTS OF USURIOUS CONTRACTS

Usurious contract is a legal institution by which one person, using the emergency or difficult financial situation of another person, his recklessness, dependence or insufficient experience, contracts for himself or a third party a benefit that is clearly disproportionate in relation to what he gives or does to the other party (Law on Obligations, Article 141). Such contracts violate the principle of proportionate mutual benefit, which is one of the basic principles of obligation law (Lejić, 2013). In order for a specific contract to be qualified as usury, it is necessary that both objective and subjective conditions be met. The objective condition is reflected in the obvious imbalance between the actions of the contracting parties, whereby the disproportion is assessed according to the market value at the time of the conclusion of the contract (Loza, 1978). On the other hand, the subjective condition refers to the position of the injured party, which may be in a state of urgency, severe material scarcity, recklessness or dependence on usurious loans.

The Institute of Usurious Contracts is present in most European legal systems, most often through codified regulations, but also through lex specialis laws and judicial practice. The common element of all definitions is "obvious disproportion between the property values of the obligations of the contracting parties".

The Austrian and German Civil Codes regulate this issue in a similar way, whereby the German legal theory does not recognize an objective disproportion of benefits as a sufficient basis for the nullity of the contract (Marić, 2020). These laws consider usurious contracts to be absolutely null and void, while the Swiss Law on Obligations treats such contracts as voidable legal transactions (Vukosavljević, 2014). In Hungary usurious contracts are regulated by Article 202 of the Civil Codification, whereby the objective concept of usury is abandoned in favor of an approach that emphasizes exploiting the difficult situation of the other contracting party (Perović, 1975).

Legislative policies regarding the agreed interest rate vary significantly among European countries. In countries such as Portugal, Spain, France, and Italy, this issue is thoroughly regulated, while only 14 EU countries have prescribed a maximum allowable contractual interest rate either in absolute terms or in relation to the reference interest rate (Cavalier, 2014). The demands for their harmonization are becoming increasingly pronounced, and the goal is to establish uniform standards and strengthen legal certainty in preventing and combating usurious contracts at the European level.

Anglo-Saxon law shows greater flexibility according to the principle of equivalence and the prohibition of usurious contracts. The dominant view is that the doctrine of equal pay "has no place in law", and numerous arguments point to its logical weaknesses (Thal, 1988). However, case law in England shows that steps have been taken to protect disadvantaged parties, as seen in the judgments in the cases of Schoeder Music Publishing Co. Ltd. c. Macaulay and Lloyds Bank v. Bundy, where the "doctrine of inequality of bargaining power" was developed (Marić, 2020).

In the United States, the regulation of usury varies among states. While in some countries the principle of autonomy of the will is in force, others have prescribed a ban on excessive interest rates. During the 1980s, there was regulation at the federal level (Senn, 2006), but today there is no single federal law on interest rates, which is

justified by the liberal approach to private transactions. However, the need for reintroducing stricter regulatory mechanisms for the protection of contracting parties and preserving economic stability is increasingly emphasized (Marić, 2020).
It can be concluded that American and English contract law is traditionally based on freedom of contract, but the need to strengthen regulation is increasingly being imposed in order to prevent economic exploitation and ensure fairness in contractual relations (Marić, 2020).

CRIMINAL LAW ASPECTS OF USURIOUS CONTRACTS IN SERBIA AND THE COUNTRIES OF THE WESTERN BALKANS

The criminal law regulation of usurious contracts in the countries of the Western Balkans shows significant similarities, but also differences, depending on national legal traditions and the degree of harmonization with European legal standards. The common feature of all analyzed regulations is the need to suppress the abuse of contractual relations, which threatens the property security of citizens and the acquisition of disproportionate property benefits to the detriment of one contracting party.
In the Republic of Serbia, usury is regulated as a special criminal offense in Article 217 of the Criminal Code. It refers to giving money or other consumable items for a loan with contracting or obtaining a disproportionate property benefit, whereby the perpetrator “takes advantage of the poor financial situation, carelessness or lack of information of the injured party”. This offense is “punishable by a prison sentence of up to three years”, with the possibility of a fine, while in more serious cases, when the consequences are more serious or a significant material gain has been obtained, the sentence can be increased to eight years in prison (Criminal Code of the Republic of Serbia, 2016).
Similar provisions are contained in the “Criminal Code of Montenegro”, Article 252 of which prescribes a prison sentence of up to three years, with the possibility of imposing a fine. In cases where the act has caused more serious consequences or the perpetrator has acquired a significant financial benefit, the “threatened sentence can reach up to eight years in prison” (Criminal Code of Montenegro, 2019).
"The criminal law treatment" of usury in Bosnia and Herzegovina depends on entity laws. In the Federation of Bosnia and Herzegovina, Article 298 of the Criminal Code defines this offense and "provides for a prison sentence of up to two years or a fine, while for more serious forms, a prison sentence of up to five years can be imposed" (BiH Prosecutor's Office, 2025).
A similar regulation exists in Brčko District, where Article 292 of the Criminal Code regulates usury under the same penal framework (BiH Prosecutor's Office, 2025). In Croatia, this issue is regulated by Article 242 of the “Criminal Code”, which under the name "Usury contract" prescribes a “prison sentence of up to three years, while in cases of organized bribery, the sentence can reach up to eight years in prison” (Criminal Code of the Republic of Croatia, 2021).
Unlike other legal systems, Macedonia does not criminalize usury through the criminal law. Instead, this area is regulated within the law of obligations, where Article 129 of the Law on Obligations recognizes "usury contracts" and enables their

"cancellation or adjustment of contractual conditions in cases of obvious disproportion between the actions of the contracting parties" (Official Gazette of the Republic of Macedonia, 2023). Although criminal sanctions are not foreseen, the courts in practice apply the principles of conscience and honesty in order to protect the contracting parties from unfair conditions and economic exploitation.

In Albania, although the law does not contain a specific provision on usury, such situations are dealt with through Article 170/c of the Criminal Code, which sanctions the unauthorized provision of financial services, including the granting of interest-bearing loans without a proper license. In this way, although indirectly, the law covers and sanctions usury. The prescribed penalties range from a fine to three years in prison, and in more serious cases up to seven years in prison (Kodi Penal i Republika së Shqipërisë, 2017).

Table 1.
Comparative overview of sanctions

COUNTRY	Minimum penalty	Maximum penalty
Serbia	A fine of up to 3 years	Up to 8 years
Montenegro	Fine and 3 months	Up to 8 years
Macedonia	Nullity of the contract, correction	There are no criminal sanctions
BiH (FBiH)	A fine of up to 2 years	Up to 5 years
Croatia	6 months in prison	Up to 8 years
Albania	A fine of up to 3 years	Up to 7 years

Source: Adapted from the criminal codes of the countries mentioned.

A comparative analysis indicates significant legal fragmentation within the region. Although most countries explicitly criminalize usury, there are significant differences in defining the nature of the crime, as well as in the prescribed sanctions. Macedonia, unlike the others, mainly relies on obligation law, which indicates different approaches to the treatment of this phenomenon.

The countries of the region, as candidates or potential candidates for membership in the European Union, face the obligation of gradual harmonization with the acquis communautaire. Although the European Union does not have a single regulation that directly regulates usury, there are relevant legal acts that shape this area. Consumer protection from unfair contractual terms and excessive interest rates is provided for by "Directive 2008/48/EC on consumer credit, which requires the establishment of appropriate legal mechanisms" (Directive 2008/48/EC, 2008). In this regard, additional security is provided by "Directive 93/13/EEC", which refers to "unfair terms" in consumer contracts and protects consumers from clauses that could put them in an unequal position (Directive 93/13/EEC, 1993). The importance of property rights protection is also confirmed by the "European Convention on Human Rights", whose "Article 1 of Protocol 1 guarantees the right to property", which is particularly important in the context of preventing contractual abuses (European Convention on Human Rights, 1950). All of the above points to the need for harmonization of legal

regulations in the region, in order to ensure effective protection of citizens and the economy from the consequences of usury and other forms of financial exploitation.

USURIOUS CONTRACTS IN COURT PRACTICE AND CHALLENGES OF LEGAL PROTECTION

Jurisprudence in the Republic of Serbia confirms that usurious contracts are often disguised through simulated legal transactions, while disguised contracts are essentially contracts with elements of usury. In specific cases, the courts recognized this practice and through their decisions indicated the essential nature of the contract, which is hidden behind formally legal legal forms. For example, the "Supreme Court of Serbia", in one review procedure (Decision Prev. No. 675/98), took the position that contested verdicts of lower courts violated the basic principles of civil law, especially the principle of equal value of giving and the principle of conscientiousness and honesty. The court stated that the contracted interest in the amount of 20% per month represents a disproportionate benefit that does not enjoy legal protection (Veljković, 2005).

A deeper analysis of judicial practice shows that usurious contracts are often legally disguised through sales, down payment or mortgage contracts, which further complicates their discovery and proof in court proceedings. In one of the more recent decisions, the "Supreme Court of Serbia" (Rev 24836/2024) rejected the lawsuit for establishing the nullity of the contract on the purchase and sale of real estate, because there was insufficient evidence that the contract contained a usury element. In contrast, the "Supreme Court of Cassation" took the position in its decision (Rev 3777/2019) that the provisions of the loan agreement, by which the bank reserves the right to unilaterally change the interest rate without the consent of the debtor, are in direct conflict with the principle of equal value of the loan, which is why the case was sent back for a retrial to determine all the circumstances.

The legal consequences of usurious contracts in the Serbian legal system are extremely serious. Namely, such contracts are absolutely void, because they were concluded contrary to good customs and moral principles (Vukosavljević, 2014). However, the law provides some flexibility if the injured party files a lawsuit to reduce the "obligation to a fair amount within five years from the date of conclusion of the contract". In such cases, the court may decide that the "contract remains in force, but with corrected obligations" (Law on Obligations, 1987). This possibility is a mechanism for civil protection of injured parties, but in practice it is rarely used due to the complexity and length of the proceedings.

When it comes to criminal protection, the Criminal Code of the Republic of Serbia foresees serious sanctions for perpetrators of usurious contracts, including a prison sentence of up to ten years, with the amount of the penalty depending on the realized property profit (Criminal Code, 2005). The problem in the application of these provisions is reflected in the fact that the procedure is initiated exclusively by a private lawsuit of the injured party (Article 217, paragraph 4), which in practice often discourages victims from seeking protection through court proceedings, especially if they have suffered threats or pressure from usurers.

An additional challenge in proving the fraudulent character of the contract is the fact that in practice, notaries may not certify loan contracts with an agreed interest rate that clearly goes beyond the legal framework, because they could thereby participate in the commission of a criminal offense. However, since notaries do not have the mechanisms to check all the circumstances of the concrete relationship between the contracting parties, there is often legal uncertainty and different treatment (Wisner, 1978).

In addition to formal and legal obstacles, the length of court proceedings - which in some cases exceeds 15 years - and the high costs of litigation further discourage victims from seeking judicial protection. In one documented case, the costs of the procedure reached almost 1,000,000 dinars, which for the majority of injured parties represents a significant obstacle in accessing justice (Supreme Court of Serbia, Rev 24836/2024). In addition, in practice it is often noted that usurers resort to extortion, threats and intimidation of the injured, which further reduces the number of reported cases.

Usurious contracts represent a serious and complex problem in the legal system of the Republic of Serbia. They violate the basic principles of obligation law, deepen the economic insecurity of the injured parties and undermine the rule of law. Although there are legal mechanisms for judicial protection and sanctioning of these phenomena, practice shows that their effective application is limited due to a number of factors: legal complexity, lengthy procedures, high costs, and lack of systemic institutional support. Therefore, it is necessary to undertake a comprehensive reform in order to strengthen legal security and ensure effective protection of injured citizens.

CONCLUSION

The topic of this paper sheds light on the complexity and legal-economic implications of loan agreements, where the key challenge is to draw a clear line between permissible and illicit contracting in the sphere of private loans. Regardless of the fact that the parties to the contract are formally agreed, the role of economic coercion, the inequality of bargaining power and the abuse of the weaker party's difficult financial position should not be ignored. Therefore, it is necessary to review the current legal frameworks, as well as create safeguards that will prevent abuses while allowing legal forms of financing in situations where traditional bank loans are not available.

The aim of the work is to stimulate scientific and professional debate on this sensitive topic, in order to enable a better understanding of the current legal solutions, as well as the space for their improvement, through the analysis of the legal and economic nature of usurious contracts. The interest rate is shown to be a starting point for detecting fraudulent behavior, but the real challenge lies in the assessment of all the circumstances under which the contract was concluded, where judicial practice often leaves room for arbitrariness. A clearer definition of the upper limit of the interest rate, which would be considered excessive and automatically cause the legal nullity of the contract, could significantly contribute to legal certainty in this area.

In this context, the Islamic economic approach that offers a fundamentally different model of financial transactions, based on the principles of fairness, ethics and the

prohibition of interest (riba), stands out. According to Islamic teachings, interest is a form of exploitation because it allows one party to make a profit without taking risks, which directly endangers economically weaker participants (Čočić & Pešić, 2012). The Islamic financial system, through instruments such as Mudarabah and Musharakah, insists on the fair distribution of both profit and loss among the participants of the transaction, which ensures greater responsibility and fairness in economic relations (Bećirović, 2013). The Islamic approach indicates that a sustainable economic system is one in which economic stability is built on the fair distribution of resources, social responsibility and the creation of real value (Čupović, 2023). The prohibition of interest, as shown by Islamic practice, is not only a religious issue, but also an issue of the economic and social health of every community (Radevic & Lekpek, 2020). In this sense, an effective fight against usury implies a combination of legal measures, ethical education and the promotion of alternative, fair financing models. Although the Islamic model is not fully applicable in secular legal systems, its basic ideas about interest limitation, ethical financing and protection of the weaker party can serve as inspiration for the improvement of domestic legislation. The conclusion of the work on the topic Economic and legal aspects of usurious contracts can be summarized through several key recommendations that indicate the need for further research and reforms in this area, in order to reduce the negative consequences of usury for society and its economy.

Usury is a complex problem that is deeply rooted in the informal economy and often arises as a result of the failure of formal financial institutions to provide adequate conditions for economically disadvantaged groups. Therefore, an effective solution to this problem must include a combination of repressive and preventive measures.

1. Developing mechanisms for easier access to favorable loans. For financially vulnerable groups, who often do not have access to traditional banks, it is recommended to develop a microcredit system and favorable state subsidies. Government and banks can work together to create such conditions, while setting clear legal frameworks that enable safe lending.

2. Precise categorization of informal economic activities. It is necessary to distinguish between benign and harmful forms of informal lending. Regulatory bodies should focus resources on combating harmful usury practices, while less risky forms could be left to function within the legal framework. This requires clear cooperation between the Ministry of Finance and the judicial system, along with training and education of judicial staff on the recognition of usury.

3. Regulation of informal lending. The integration of the informal economy into the formal system through the Ministry of Economy and banks could reduce usury. This implies the construction of regulatory frameworks that enable legal financial operations with a gradual increase in access to legal financial conditions for citizens.

4. Reducing the duration of court proceedings and lowering costs in cases involving usurious contracts. It is recommended to introduce priority handling of cases related to usury, given their social danger and the harmful consequences for the victims. This would include providing courts with clear guidelines for expedited proceedings in such cases, along with the possibility of simplified procedures for establishing the nullity of contracts when the evidence is clear and undisputed. Additionally, court fees for these proceedings should be reduced or completely waived for victims of usury, with mandatory inclusion of free legal aid. The Ministry of Justice, in cooperation with the courts, bar associations, and social welfare centers, could develop a special procedural protection program for victims of usury, ensuring timely and financially accessible legal protection for those affected.

Finally, it is important to understand that usury is not only a criminal activity, but also an expression of the broader problem of the regulatory gaps and informal economy. Therefore, it is necessary to develop a comprehensive approach that includes education, legislative changes, and strengthening citizens' awareness of their rights and opportunities for protection. Considering that usury is economically and legally harmful, legislative changes and improving access to formal financial institutions are key steps in its suppression.

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REZIME

Finansiranje predstavlja ključni segment ekonomskog odlučivanja, kako pojedinaca, tako i preduzeća. U situacijama kada nedostaju finansijska sredstva, pribegava se različitim oblicima zaduživanja, pri čemu otežan pristup kreditima često vodi ka alternativnim i neretko nezakonitim načinima pozajmljivanja novca. Među njima se posebno izdvaja institut zelenaškog ugovora, koji karakterišu izrazito nepovoljni uslovi za dužnika, uključujući neprimereno visoke kamatne stope i druge oblike ekonomske eksploatacije. Cilj ovog rada je ispitivanje fenomena zelenaških ugovora kroz ekonomski i pravni aspekt, sa fokusom na sudsku praksu i zakonodavna rešenja u zemljama Zapadnog Balkana. Analiziraju se uslovi pod kojima ugovor može biti kvalifikovan kao zelenaški, njegova pravna valjanost, mogućnost poništenja i posledice koje iz toga proizilaze. Posebna pažnja posvećena je izazovima u prepoznavanju i sankcionisanju ovakvih ugovora, uzimajući u obzir činjenicu da se oni često odvijaju na granici zakonitosti ili su deo organizovanog kriminala. Istraživanje se bavi uporednom analizom zakonodavnih rešenja u regionu, sa ciljem sagledavanja pravnih okvira i institucionalnih pristupa u suzbijanju zelenaštva. Posebna pažnja posvećena je oceni delotvornosti postojećih mehanizama zaštite dužnika i identifikaciji mogućnosti za unapređenje regulative. Rad naglašava važnost multidisciplinarnog pristupa u rešavanju ovog problema, kombinujući pravne, ekonomske i društvene aspekte. Analizom pravnih sistema različitih država stvara se osnova za formulisanje preporuka koje mogu doprineti jačanju pravne sigurnosti i efikasnijoj borbi protiv zelenaštva.