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INDEBTED HOUSEHOLDS IN POLAND AND THEIR ECONOMIC SITUATION: ASSESSMENT USING MOBILITY INDICES

Abstract:

Economic situation is one of the major determinants of household debt. The analysis of changes in borrowing levels in the global economic context allows for better understanding of household behaviours in the financial markets. The increase in income levels results in upgrading consumer aspirations, especially in developing countries. With some household expenses financed by credit, a growth in household debt levels can be observed. This research is based on panel data at the micro level for Polish households, obtained from the Social Diagnosis (Diagnoza Społeczna) study in 2009 and 2015. The purpose of this paper is to assess the impact of changing household incomes on their debt levels. The overall change in household debt levels is examined using mobility indices. The results show that the general improvement in the income situation of indebted households varies depending on the level of debt. The subjective perception of the income situation of the low-debt households has improved. In addition, the heavier the burden of loan repayments, the less likely it is that households can benefit from the favourable economic situation.

Keywords:

indebted household, economic situation, mobility indices

JEL Classification: D12, D14, D31