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SUBJECTIVE ASSESSMENT OF FINANCIAL SITUATION OF INDEBTED HOUSEHOLDS IN POLAND

Abstract:

The standard of living of households does not only depend on their income. The subjective financial assessments are primarily associated with day-to-day concerns. Therefore own perception of financial well-being can provide deeper information about living conditions. It is particularly considerable for indebted households, which may self-evaluate difficult to make ends meet at the end of the month even though income level seems to be enough high. In this study was used the questionnaire survey administered to Polish indebted households in 2018. We examine the relationship between subjective assessment of financial situation and commonly used, objective measures of over-indebtedness using ordered logit model. The self-evaluation of the financial situation of one's own household depends on (among others) the level of debt and over-indebtedness risk. Regardless of the debt burden, the perceived social situation among the youngest and oldest household cohorts is generally worse than in the case of people aged 25-54.

Keywords:

indebtedness, standard of living, household, well-being

JEL Classification: D14, D12, D31