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THE IMPACT OF ECONOMIC SHOCKS ON FINANCIALLY VULNERABLE SLOVAK HOUSEHOLDS: A SOCIO-ECONOMIC AND DEMOGRAPHIC ANALYSIS

Abstract:

This study identifies financially vulnerable indebted Slovak households most at risk of defaulting on loan payments due to socio-economic and demographic factors. The recent economic shifts, including a surge in Slovakia's inflation rate peaking at 15.4% in February 2023, have exacerbated financial strain. Analysis of HFCS microdata shows increased household indebtedness, particularly mortgage debt, from 2011 to 2021. Households with negative financial margins, limited liquid assets, younger (16-34) and older (65+) age groups, single-person households, and those in the lowest income and wealth quintiles are most vulnerable. Logistic regression reveals that gross income is the most significant determinant of default probability, with higher income households being less likely to default. The study highlights the need for targeted policy measures to support these vulnerable groups and mitigate default risks.

Keywords:

Slovak household indebtedness, socio-economic and demographic factors HFCS, household vulnerability, logistic regression

JEL Classification: D14, E43, C21