

Artur Bartoszewicz, PhD
Warsaw School of Economics

<https://doi.org/10.26366/PTE.ZG.2017.75>

Spoleczne skutki kryzysu kredytów hipotecznych odnoszających się do walut obcych

Streszczenie

Kredyty indeksowane oraz denominowane do walut obcych (odnoszące się do walut obcych) były udzielane w Polsce osobom nie osiąającym dochodów w walucie obcej, w okresie od 2000 do 2013 roku. Charakterystyczną cechą tych kredytów było to, że najczęściej były udzielane w krajach Europy Środkowo-Wschodniej. W przywołanym okresie kredyty mieszkaniowe były najszybciej rosnącą pozycją w aktywach banków. Jedynie w okresie od grudnia 2002 roku do końca 2012 roku udział kredytów mieszkaniowych w aktywach banków wzrósł ponad pięć razy, a w należnościach od sektora niefinansowego zwiększył się czterokrotnie. W latach 2005-2010 kredyty mieszkaniowe zdominowały strukturę bilansu sektora bankowego. Znaczna zmiana kursów walutowych (m.in. CHF, EUR, USD i JPY) w odniesieniu do złotego (znaczące osłabienie PLN) wpłynęła bezpośrednio na wartość bieżącą kosztów obsługi zobowiązania, jak też wycenę łącznego zobowiązania kredytu hipotecznego odnoszącego się do walut obcych – wartości kredytu i jego kosztów wyliczonych w PLN.

Słowa kluczowe: koszty społeczne, kredyt hipoteczny, kredyt indeksowany, kredyt denominowany, kredyt walutowy

Abstract

Social impact of the crisis of foreign currency-related mortgage loans

Loans indexed and denominated in foreign currencies (related to foreign currencies) used to be granted in Poland to those not receiving income in a foreign currency, in the period from 2000 to 2013. A characteristic feature of these loans is that they were usually granted in the countries of Central Eastern Europe. In this period, loans were the fastest growing item in the banks' assets. In the period from December 2002 to the end of 2012, the share of housing loans in banks' assets increased more than fivefold, and fourfold in receivables from the non-financial sector. In 2005-2010, loans dominated the structure of the balance sheet of the banking sector. A significant change in foreign exchange rates (e.g. CHF, EUR, USD and JPY) in relation to the *złoty* (a significantly depreciated PLN) contributed directly to the current value of the costs of operating liabilities, as well as the valuation of total mortgage obligations related to foreign exchange, the value of credit and its costs calculated in PLN.

Keywords: social costs, mortgage, indexed loan, denominated loan, foreign currency loan

JEL CODE: D10, D12, D14, D90, D91, E20, E21

Introduction

In the post-war years, until 1989, no housing stock was generated on a scale that would meet the growing social needs. This was caused by two things: deficit in the offer of flats for rent on one hand, and on the other hand the enormous pressure on property possession, which used to be largely limited, and often inaccessible, prior to the transformation. The above circumstances justify a radical change in the attitude of banks and mortgage clients, manifested in a wide range of such loans (especially those denominated in foreign currencies). This allowed banks to get through to those clients who would not be able to service the loan in *złoty* and also created a broad demand base for housing and the connected, what at that time seemed, cheap debt financing.

The banking sector was offering mortgages related to foreign currency, including Swiss franc, as early as 2000. Interest rates on housing loans in *złoty* was as high as 20% at that time. For many Polish people who wanted to buy an apartment, loans at such a high cost were then simply unavailable. In 2004-2005, there was a strengthening of the PLN against the CHF, thus allowing those with loans denominated in Swiss franc to actually experience reduced interest rates, which further reinforced the common argument for such loans being a favorable solution and built an additional marketing message.

The relative ease (favorable initial conditions relating to the share of credit in real estate financing and different credit scoring procedure than in foreign currency-denominated loans) in obtaining a mortgage loan related to a foreign currency resulted in the entry to the group of borrowers of those persons and households who would not normally receive a PLN loan at that time, which would therefore not lead to the conclusion of a real estate purchase transaction.

The situation in which one could, without much formalities, take a mortgage loan in foreign currency triggered a huge increase in the number of transactions on the real estate market, and thus the corresponding real estate price increase, until the revaluation. Bank customers were eager to borrow easily available loans and most of them did not anticipate deterioration of their credit conditions or what would happen if they were no longer be able to pay back their loans (Szelągowska 2010, p. 22).

An additional impetus for increased purchase transactions in 2005-2006 was the growing real estate boom, further expanded by media reports on the planned restrictions on the availability of foreign currency-related loans, finally introduced on July 1, 2006 as *Recommendation S concerning Good Practices Related to Mortgage-Secured Credit Exposures*¹.

This article attempted to compile the hypotheses identifying potential social effects of the crisis of foreign currency-related loans using statistically-derived data, research results published by public institutions, and scientific assessments that confirm the assumed model of inference by either indicating or confirming the existence of these phenomena in society and the economy².

The analysis presents data from two main periods, as at 2013 and as at 2015. The 2013 figures demonstrated the scale of the problem at the time of withdrawing the offer of loans denominated in foreign currencies. The 2015 data, meanwhile, made it possible to estimate the scenario most similar to the current one. In addition, it pointed out how the situation of borrowers changed over the last two years, particularly following significant exchange rate changes and measures taken by financial market supervision and consumer protection authorities.

Identifying the causes of the crisis of foreign currency-related mortgage loans

Indexed and denominated loans related to foreign currencies³ were granted in Poland in the period from 2000 to 2013 to persons who were not receiving income in foreign currency⁴.

¹ According to GUS (Polish Central Statistical Office), 114,060 dwellings were commissioned in 2005 (5.5% increase compared to the previous year). In comparison with 2004, the number of residential units developed for sale or rent increased by 38.4%. See more in: *Finansowanie nieruchomości przez banki w Polsce* [Property Financing by Banks in Poland], as at June 2006, KNB (Banking Supervision Commission), Warsaw, November 2006, pp. 28-29.

² This article was developed on the basis of studies and analyses carried out by the author on the commission of the Chancellery of the President of the Republic of Poland, as included in this paper: *Analiza dotycząca społecznych skutków kryzysu kredytów hipotecznych odnoszących się do walut obcych. Raport końcowy*, Warsaw, September 15, 2016.

³ Despite being referred to as "foreign currency loans" and the binding of their interest rates with the LIBOR, these loans were not actually foreign currency loans, either economically or legally. See more in: *Uzasadnienie*

The lending mechanism applicable to foreign currency-indexed and -denominated loans was significantly different from the traditional foreign currency loan in which the lender pays foreign currency to the borrower and subsequently accepts the payment of principal and interest installments in foreign currency⁵.

The characteristic feature of these loans was that they were most often provided in Central and Eastern European countries (*Recommendation of the European Systemic Risk Board ... 2011, p. 9*). Housing loans in the aforementioned period were the fastest growing item in the banks' assets. Only between December 2002 and the end of 2012, the share of housing loans in the banks' assets increased more than fivefold, and fourfold in receivables from the non-financial sector. In 2005-2010, housing loans dominated the structure of the banking sector's balance sheet.

According to analyses by UKNF (Polish Office of the Financial Supervision Commission), the rapid development of the housing loan portfolio in 2002-2008, including loans related to foreign currencies, was mainly due to (Kwaśniak 2013, p. 5):

- rising household incomes;
- inflow of foreign financing;
- reduction of interest rates;
- strong mitigation of credit standards;
- spread of low-interest foreign currency loans (related to foreign currencies);
- high demand for housing;
- rapidly rising real estate prices (in Poland and other countries);
- relatively low initial value of housing loan portfolio in banks and good quality of that portfolio.

In turn, according to analyses by ZBP (Polish Banks Association), the main sources and conditions affecting the existence of the offer of loans related to foreign currencies in Poland are, among others (*Konsekwencje decyzji o uwolnieniu kursu CHF... 2015, p. 2*): demographics, low costs of the money related to foreign currencies, savings gap, rising optimism and foreign transfers. According to estimates by NBP (National Bank of Poland), Poland received a total EUR 36.1 billion from Polish people's work abroad in the UE countries in 2004-2013 (more than EUR 41.6 billion from all non-EU transfers). In relation to GDP, these transfers accounted for 1.4% in 2004 and already more than 1.7% in 2007 (Chmielewska 2015, p. 15).

As a consequence, only at the end of May 2013 (the period of decreased granting of this type of loans), the value of housing loans exceeded PLN 330 billion, which accounted for 23.3% of the total assets of the banking sector and 40% of non-financial receivables. The share of housing loans related to foreign currencies amounted to approximately 12.8% of the

do projektu ustawy z dnia 2016 r. o zasadach zwrotu niektórych należności wynikających z umów kredytu i pożyczki, Sejm of the Republic of Poland, Warsaw 2016.

⁴ It was only after the issuance by the Financial Supervision Authority of Recommendation S (IV) of 18 June 2013 concerning Good Practices in the Management of Mortgage-secured Credit Exposures that the period of foreign currency-related loans granted to individuals ended. Recommendation stated that banks should provide retail customers with mortgage loans only in the currency in which they earn income, also for high-income clients.

⁵ In the case of indexed and denominated loans, a different construction was used. With respect to the indexed loan, the mechanism consisted in that the amount of the loan, denominated in Polish currency, was translated into the foreign currency to which the loan was indexed at the date of concluding the loan or its tranches. As a result of this procedure, the bank calculated the amount of the loan in a foreign currency whose amount became the loan's credit. In turn, that structure was reverse for denominated loans, where, on the day of concluding the loan or its tranches, the bank recalculated the loan amount denominated in a foreign currency into Polish currency, using the bank's exchange rate for that currency. See more in: *Uzasadnienie do Projekt ustawy o zasadach zwrotu niektórych należności wynikających z umów kredytu i pożyczki*, Sejm of the Republic of Poland, Warsaw 2016, p. 13.

balance sheet total of the banking sector and as much as 68.2% of non-financial receivables (Kwaśniak 2013, p. 8).

In terms of volume, PLN loans prevailed in the portfolio, but foreign currency-related loans prevailed in terms of value. This was due to the fact that the latter had the average value nearly twice as high. At the end of 2012, the portfolio was structured as follows (Kwaśniak 2013, p. 9):

- quantitative structure: PLN loans at 980,000 units, i.e. 58.4%; loans related to foreign currencies at 700,000 units, i.e. 41.6% (including 580,000 units for CHF, 113,000 for EUR, and 6,000 for other currencies);
- value structure: PLN loans at PLN 143.5 billion, i.e. 44.6%; loans related to foreign currencies at PLN 178.3 billion, i.e. 55.4% (including PLN 144.6 billion for CHF, PLN 31.4 billion for EUR, and PLN 2.3 billion for other currencies);
- average loan amount: PLN loans at PLN 141,500; loans related to foreign currencies at PLN 253,000

By offering loans related to foreign currencies, borrowers were able to assume higher liabilities and finance higher real estate values, often in large cities where prices per square meter were much higher than in smaller towns. This was especially the case for young men and women just starting their working life, migrant workers from small towns and villages, without any savings and devoid of own funds to invest. A loan related to foreign currency was then the solution to fully cover the value of the property, with banks often granting higher loans plus funds for development, as most new properties fell under what was known as development status.

However, the main driving force behind the growth of foreign currency-related loans was the high difference in the amount of monthly repayment installments between PLN loans and foreign currency-related loans, and thus the expected total costs of servicing each of them. For example, at the time of granting the loan, the expected costs of PLN loans were from about 20% to over 200% higher (triple) compared with the costs of similar CHF loans (*Raport o sytuacji banków w 2015 roku...* 2016, p. 88).

The persistent high interest rate disparity between Poland and other countries led to PLN loan costs remaining substantially higher than the costs of foreign currency loans. According to ZBP analysis, this was the main reason why consumers were willing to take loans related to foreign currencies. Lower borrowing installments on foreign currencies naturally increased the creditworthiness of some borrowers (*Biała księga kredytów frankowych...* 2015, p. 8).

According to ZBP studies, the flat-renting costs in all urban areas were higher than the cost of servicing the loan, especially foreign currency-related, taken for paying a similar flat. This provided an additional impetus for borrowing to purchase housing rather than renting it. Therefore, it can be considered that it was mainly the favorable macroeconomic environment, high interest rates on PLN loans and high rents that, altogether, made the borrowers prefer foreign currency-related loans, especially CHF, to other bank loans (*Biała księga kredytów frankowych...* 2015, p. 9).

In view of the above, at the end of 2015, the number of loans and advances indexed and denominated in foreign currency that were granted to Polish consumers was more than 713,000 at PLN 173 billion in total, of which 562,000 and PLN 144 billion, respectively, were loans or advances denominated in Swiss francs. Most of these loans and mortgages were secured and the majority concerned housing loans (*Uzasadnienie do Projekt ustawy o zasadach zwrotu niektórych należności...* 2016, p. 12). A slightly different data on the number of loans and their value for the corresponding period is found in the 2015 UKNF Annual Report (Table 1).

Table 1. Loan portfolio structure by currency the which the loan is related

Loan portfolio structure by loan currency IN TOTAL		PLN	Foreign currency- related	CHF	EUR	Other cur- rencies
Loan number (units)	1 948 963	1 318 514	630 449	522 746	101 573	6 130
Loan value (PLN mln)	370 624	204 543	166 081	137 616	27 182	1 283
Average loan value (PLN thousand)	190,2	155,1	263,4	263,3	267,6	209,3

Source: *Raport o sytuacji banków w 2015 roku*, KNF (Polish Financial Supervision Advisory), Warsaw 2016, p. 98.

Significant changes in exchange rates (among others CHF, EUR, USD and JPY) in relation to the *złoty* (significant *złoty* depreciation) directly affected the current value of liabilities servicing as well as valuation of the total mortgage loan related to foreign currencies - and its costs calculated in PLN. UKNF studies indicate that out of 35,600 risk-bearing housing loans in the banks' portfolios at the end of 2015, foreign currency-related loans exceeded 16,500 while there were 19,500 PLN loans (*Raport o sytuacji banków w 2015 roku... 2016*, p. 96).

Identifying social impact of the crisis of foreign currency-related mortgage loans

The need for greater involvement of funds than originally assumed by the borrower on foreign currency loans brought serious negative social effects⁶. The increased cost of servicing the loan increased its share in the household's budget, thereby "squeezing" other spending/consumption areas such as groceries, clothing, equipment, leisure, culture, tourism, education, etc. Those at an increased risk are the average- or lower-income borrowers aged 40 or older. The low income was limited by the flexibility in terms of exchange rate fluctuations, while the age determined the professional attractiveness on the labor market, the level of development and the limits of social promotion. Some of those borrowers experienced slower salary growth than the average observed in the economy (*Raport o sytuacji banków w 2015 roku... 2016*, p. 96). According to S.J. Adamczyk, specifics of the debt instrument in question allowed for the recognition that mortgage-secured loans related to foreign currencies were a high-risk banking product exposing those in gainful employment to three markets in particular: the foreign exchange market, the real estate market and the economic situation. S.J. Adamczyk argued for the real estate market and the labor market exposure to be correlated with the borrower's exposure to the risk of cyclical change of economic conditions, whereas the ability of the borrower to pay back the loan depended on the circumstances of the labor market (Adamczyk 2014, p. 7). This significantly accumulated potential negative social effects in the event of any disturbance in the above markets.

The scale of the increase in operating costs was revealed by the significant change in exchange rates. For example, the change of CHF/PLN exchange rate between 15 march 2001 and 13 September 2016 was over 66%, while in the same period, the exchange rate changed approx. 17,7%, 5.3% and 13% for EUR, USD and JPY, respectively. That significant change in the Swiss franc exchange rate was not entirely compensated by a drop in interest rates as it directly translated into a significant increase in the borrower's burden disclosed in the value of the installment loan paid in the period and the total valuation of their liabilities towards the

⁶ In the justification to the draft act on the rules for reimbursement of certain debts arising from loan and credit agreements, it is pointed out that even the Chancellery of the President of the Republic of Poland receives letters from people struggling with everyday problems in repayment of loan installments and people who have already lost their assets, and often also family and health. These speeches can be very emotional and depict the tragic fate of many borrowers and their families.

lender. The increase in the cost of servicing mortgage loans related to foreign currencies had a higher dynamics for the borrowers than the average wage increase in the economy (in a given sector where they were employed), thus causing a real pauperization of the borrowers' population, particularly those earning income from remunerated employment.

The situation was aggravated by the fact that LIBOR rates, the reference point for the cost of mortgage loans related to foreign currencies, were very low, which in case of their growth would considerably affect debt service costs, further contributing to the pauperization of the borrower and their family (indirectly, of all household members).

According to UKNF data, in the case of average CHF borrowers, the increase in the monthly repayment rate was offset by an increase in remuneration that occurred in the economy since the loan was received. This meant that CHF borrowers generally should not have problems servicing their liabilities (although one should also bear in mind that most loans were granted for lower amounts, and the majority to marriages, so that, in assessing their situation, wage increase should be multiplied by two as long as both spouses had a job). However, UKFA also stressed that the general conclusions correct for the borrowers in general did not reflect all individual cases. Consequently, there is a group of borrowers whose financial situation has not improved over the period considered, or has even deteriorated as a result of the reduction or loss of a certain part of income, or the occurrence of events that have substantially affected their earnings (e.g. family illness, etc.) (*Raport o sytuacji banków w 2015 roku...* 2016, pp. 85-86).

In view of the risk associated with housing loans, the number and value of loans subject to restructuring should be taken into account, with a doubling of the number and value of such loans by 2015 (88.1% and 122.1%, respectively). 2015 also saw a slight increase in the number and the value of loans whose borrowers took advantage of the so-called "loan holidays" (*Raport o sytuacji banków w 2015 roku...* 2016, p. 102), with no distinction of PLN and foreign currency loans as the restructured loans were being converted into Polish *złoty*.

In line with UKNF data, the bank's loan portfolio contains an interestingly high share of loans granted at the peak of the real estate bull market and the effective reduction of foreign currency loans in 2012-2015. The lowest quality was represented by the 2008 and then 2007 loan portfolio, i.e. loans granted at the peak of the real estate bull market. The deterioration of loan quality in 2009, which was comparable or lower than the portfolio of loans granted prior to 2007, was also significant, where the relatively high share of risk-bearing loans resulted from the "maturing" of that portfolio and the large number of loans repaid ahead of time (loans granted in the first half of the past decade concerned much lower amounts, among other things due to significantly lower real estate prices and more conservative rules of granting loans (*Raport o sytuacji banków w 2015 roku...* 2016, p. 104).

The exclusion of some market participants from secondary real estate transactions as a result of their "permanent" real estate relationship "choked" the market. Overproduction of real estate at low actual demand (eliminating part of demand) affected the prices of housing products and thus caused the loss of potential benefits for their owners. S.J. Adamczyk came to the conclusion that if a borrower would lose liquidity and would either like, or be forced, to repay the loan immediately, they could end up paying the amount several percentage points higher than the actual value of the property. The borrower would be then "imprisoned" in their flat given that, in many cases, the money from the sale of the property would not be enough to repay the loan. Even if someone borrowed money for a small part of the property, they would still find it hard to reconcile with the fact of having to pay back to the bank significantly more money than was borrowed (Adamczyk 2014, p. 4).

According to UKNF analyses, different scenarios applied to different borrower groups, as illustrated by the following phenomena for borrowers of CHF loans taken in the following periods (*Próby rozwiązania problemu...* 2015, p. 9).

- in 2008, when the value of debt in PLN increased and the purchased properties lost their initial market value and were priced below the purchase price;
- in 2007, when the value of debt in PLN increased and the purchased properties retained the initial purchase price;
- by the end of 2006, when there was an increase in the value of debt in PLN, accompanied however by a significant increase in real estate prices (often exceeding 100%, especially in large urban areas).

According to J. Gwizdala (2012, p. 323 *et seq.*), the above situation on the Polish market can be mapped back to what happened on the American market. At that time, low mortgage rates and the resulting increase in bank lending led to increased demand for property and a rise in real estate prices. The resulting increase in property prices, i.e. the value of mortgage collateral, allowed banks to liberalize their lending policies and increase the availability of credit. This, then, led to an increase in demand for flats and an increase in their prices, whereas the increase in real estate prices created additional credit demand as borrowers were under pressure of inflation in the housing market and any delay in purchasing decisions resulted in measurable losses for homeowners.

At the time of taking the loan, the installments of PLN loans were much higher than the installments of CHF loans. According to the UKNF report, at the time of granting the loan, all CHF borrowers paid significantly lower installments than their PLN counterparts (in the analyzed example, the loan installment was on average from 10% to over 70% higher than the CHF loan rate), resulting from the WIBOR and LIBOR interest rate disparity for CHF and was the main motivating factor for taking foreign currency loans in the first place. In 2012-2015, the situation was gradually reversed. As a result of PLN depreciation against CHF, and strong NBP interest rate reductions in 2012-2015, CHF borrowers (with few exceptions) ended up paying higher installments than PLN borrowers (*Raport o sytuacji banków w 2015 roku...* 2016, p. 80).

Due to the change in the market situation (as a result of PLN depreciation against CHF and the strong reduction of NBP interest rates in 2012-2015), the currently expected costs of loans denominated in CHF are higher than PLN loans (with few exceptions), with the most disadvantaged being those borrowers who have taken a CHF-denominated loan between June 2007 and June 2008 (*Raport o sytuacji banków w 2015 roku...* 2016, p. 89).

According to UKNF calculations, for the majority generations of CHF loans, the monthly increase in installments relative to the first installment was about 20-30%. Negative effects of strong *złoty* depreciation were largely offset by a strong drop in CHF interest rates. Because of that, for the majority generations of CHF loans, the increase in monthly installments relative to the first installment did not exceed 20-30%. The exceptions are some generations of loans granted mainly for periods of 15-20 years, where the increase reached as much as 40-50% (it is a derivative of the length of the loan term - extending the period of crediting would reduce the amount of the installment). On the other hand, for some generations of loans granted for periods of 35 years or more, the increase in repayment installments was below 20% or even marginal. Despite the increase in repayment installments of CHF loans, for most generations of loans they were comparable or still largely (up to 30%) lower than initial installments paid by PLN borrowers. The exception are some generations of CHF loans granted mainly for periods of 15-25 years. It is also true that, despite the increase in repayment rates, CHF loans were still significantly lower than the maximum repayment installments paid by PLN borrowers. The exception was some generations of CHF loans granted mainly for the period of 15 years (*Raport o sytuacji banków w 2015 roku...* 2016, pp. 81-83).

However, it should be emphasized that the estimation of the relation between the cost of installments in PLN and CHF has a primary impairment resulting from the assessment of the financial capacity of the household assuming the liability to service the loan denominated in

foreign currency. The initial assessment and share of the installment in the household budget was greatly disturbed and all the consumer and investment restrictions in the borrower's portfolio appeared in a much larger realm, thus affecting their individual case. The argument used by the banking community that PLN borrowers incurred more difficulties than CHF borrowers did not change the situation of individual households and the huge risks additionally affecting their financial, family and social circumstances.

A generation of "credit slaves" emerged as a new social phenomenon, based on living a life with the awareness of long-term default. On the one hand, it limited social and economic activity, while on the other hand it generated indifference towards debt, a condition in which each subsequent commitment "does not worsen" the already bad situation, and the desire to "live life to the full" imposes wrong consumer decisions based on further crediting and generating a debt spiral.

After analyzing the components of this legal relationship between the lender and the borrower of a foreign currency-related loan, it can be concluded that the instrument in question was not an unconditional right to property ownership. Indeed, the defined conditionality leads to the "enslaving" of the borrower and limiting their property rights as proven by S.J. Adamczyk in his publication. According to that author's assessment, until the last delivery of loan installment payment to the bank, there is a specific double right of control over the loaned property. S.J. Adamczyk believed that consumers would find out about the existence of that duality of control under the relevant method of financing the acquisition of real estate only once they have failed to fulfill the contractual obligations as to the delivery of installments, thus prompting the bank to start enforcing the rights resulting from the mortgage loan and the bank enforcement title (BTE) that remained in force until August 2016⁷. The author of this article finally came to the conclusion that the real estate would become unconditional property of the borrower only after the delivery of the last installment of the foreign currency-related loan and the subsequent removal of the bank mortgage from the land and mortgage register. Until then, the entire legal relationship of the borrower demonstrated the features of the agreement on the ownership of the loaned property (Adamczyk 2014, pp. 7-8).

Conclusions

Increasing the sum of liabilities has been directly and indirectly affecting the situation of borrowers and their households, influencing the generation of actual negative social consequences. Continued maintenance of mortgage loans denominated in foreign currencies in the financial system will entail growing threats to the economy, society, but also to individual households and the borrowers themselves.

This risk in question applies equally to those who have and do not have liabilities arising from mortgage loans related to foreign currencies. It is not an exaggeration to say that *we all were, and still are, borrowers of foreign currency-related loans* as the costs of the crisis resulting from their occurrence are borne directly and/or indirectly by each market participant.

The model for solving this problem should be based on a full analysis of the costs and benefits of interventions, as well as the abandonment of maintaining the status quo. It will also prove necessary to identify and analyze both costs and benefits, among others, in the social, economic, spatial, demographic, legal, financial and political dimension (in terms of national economic security).

Credit would have to be adjusted to the borrower's financial circumstances, both short- and long-term. The structure should ensure the granted loan can be repaid, and therefore

⁷ BTE - Bank enforcement title - a document (in the form of a statement) stating the existence of the bank's due claim against a person with whom it has conducted a banking activity or who has secured such a liability with the bank. After issuing the enforcement clause by the court, BTE becomes an enforcement title and is the basis for the court enforcement officer to initiate judicial enforcement.

should not cause undue burdens on household incomes and consequently limit its capacity to meet development needs and current consumption.

It is also worth citing UKNF and stress that: *The correct applications for all borrowers do not reflect all individual cases. It must be borne in mind that, despite the fact that the banking environment presents many extremely favorable solutions to the population of those who have taken foreign currency-related loans, there is a group of borrowers whose financial circumstances not only has not improved, but has deteriorated substantially since receiving the loan as a result of the reduction or loss of a portion of income or the occurrence of events that have caused a substantial deterioration of their financial situation* (Raport o sytuacji banków... 2016, p. 96).

References

Adamczyk S.J. (2014), *Spoleczna odpowiedzialność sektora bankowego z perspektywy kredytów w CHF udzielanych w latach 2004-2008*, Warsaw, <http://www.klubinteligencjipolskiej.pl/2013/11/spoleczna-odpowiedzialnosc-sektora-bankowego-z-perspektywy-kredytow-w-chf-czesc-1/>;

<http://www.klubinteligencjipolskiej.pl/2013/11/spoleczna-odpowiedzialnosc-sektora-bankowego-z-perspektywy-kredytow-w-chf-czesc-2-2/>

Bartoszewicz A. (2016), *Analiza dotycząca społecznych skutków kryzysu kredytów hipotecznych odnoszących się do walut obcych. Raport końcowy*, Warsaw.

Biała księga kredytów frankowych w Polsce (2015), Związek Banków Polskich, Warsaw.

Brown M., Peter M., Wehrmüller S. (2009), *Swiss Franc Lending in Europe*, Swiss National Bank.

Chmielewska I. (2015), *Transfery z tytułu pracy Polaków zagranicą w świetle badań Narodowego Banku Polskiego*, „Materiały i Studia”, no 314, Instytut Ekonomiczny, National Bank of Poland, Warsaw.

Finansowanie nieruchomości przez banki w Polsce. Stan na czerwiec 2006r. (2006), Banking Supervision Authority, Warsaw.

Finansowanie nieruchomości przez banki w Polsce. Stan na czerwiec 2008 r. (2008), Polish Financial Supervision Authority.

Gwizdała J. (2012), *Rynek kredytów hipotecznych w warunkach światowego kryzysu finansowego*, in: Pyka I., Cichorska J. (ed.), *Finanse w niestabilnym otoczeniu – dylematy i wyzwania. Bankowość*, „Studia Ekonomiczne Uniwersytetu Ekonomicznego w Katowicach”.

Informacja w zakresie skutków projektu ustawy o sposobach przywrócenia równości stron niektórych umów kredytu i umów pożyczki. Wpływ na instytucje kredytowe (2016), Office of the Polish Financial Supervision Authority, Warsaw.

Kolasa M. (2012), *Teoria realnego cyklu koniunkturalnego*, „Studia i Prace Kolegium Zarządzania i Finansów SGH”, no 119.

Konsekwencje decyzji o uwolnieniu kursu CHF wobec EUR przez SNB dla portfela kredytów walutowych i sektora bankowego w Polsce (2015), Measures by banks and the Polish Bank Association.

Kulczycki M. (2015), *Sektor bankowy w Polsce – sytuacja w 2014 roku i wyzwania na przyszłość*, Akademia Finansów i Biznesu Vistula, ZNUV, no 43(5).

Kwaśniak W. (2013) *Finansowanie budownictwa mieszkaniowego w Polsce*, Prezentacja, Zastępca Przewodniczącego KNF, Department of Commercial and Specialized Banking and Payment Institutions, Department of Banking Sector Analysis, Warsaw.

Martysz Cz., Rzeszutek M. (2015), *Znaczenie i rola zaufania na rynku finansowym*, in: Ostaszewski J. (ed.), *O nowy ład finansowy w Polsce, Rekomendacje dla animatorów życia gospodarczego*, Warsaw School of Economics, Warsaw.

Ocena wpływu na sytuację sektora bankowego i polskiej gospodarki propozycji przewalutowania kredytów mieszkaniowych udzielonych w CHF (2013), Office of the Polish Financial Supervision Authority, Warsaw.

Portret frankowicza – dane Biura Informacji Kredytowej, <https://www.bik.pl/informacje-prasowe/-/article/2016-05-25-portret-frankowicza>, (retrieved 25.05.2016).

Projekt ustawy o sposobach przywrócenia równości stron niektórych umów kredytu i umów pożyczki (2016), Chancellery of the President of the Republic of Poland, Warsaw.

Projekt ustawy o zasadach zwrotu niektórych należności wynikających z umów kredytu i pożyczki (2016), Sejm of the Republic of Poland, Warsaw.

Próby rozwiązania problemu związanego z portfelem kredytów CHF (2015), Materiał na Forum Bankowe 2015, Office of the Polish Financial Supervision Authority, Warsaw.

Przegląd stabilności systemu finansowego I półrocze 2006 (2006), National Bank of Poland, Warsaw.

Raport. Kredyty frankowe strony sporu i ich argumenty (2016), Centrum Grabsiego, Krakow.

Raport o sytuacji banków w 2011 roku (2012), Office of the Polish Financial Supervision Authority, Warsaw

Raport o sytuacji banków w 2015 roku (2016), Office of the Polish Financial Supervision Authority, Warsaw

Rekomendacja S dotycząca dobrych praktyk w zakresie zarządzania ekspozycjami kredytowymi zabezpieczonymi hipotecznie [Recommendation S concerning Good Practices Related to Mortgage-Secured Credit Exposures] (2013), Polish Financial Supervision Authority, Warsaw, https://www.knf.gov.pl/Images/Rekomendacja_S_18_06_2013._tcm75-34880.pdf

Szelańska A. (2010), *Współczesna bankowość hipoteczna*, CeDeWu, Warsaw.

Winiecki J. (ed.) (2009), *Kryzys globalny, Początek czy koniec?*, Regan Press, Gdańsk 2009.

Wisłowski M. (2014), *Kredyty hipoteczne w CHF udzielane klientom polskich banków jako element wpływający na zarządzanie złotym polskim*, „Przedsiębiorczość i Zarządzanie”, volume XV, issue 9, part III, SAN.

Zalecenie Europejskiej Rady do spraw Ryzyka Systemowego z dnia 21 września 2011 r. dotyczące kredytów w walutach obcych (ERRS 2011/1).