DE GRUYTER OPEN

Financial Internet Quarterly „e-Finanse" 2017, vol.13/ nr 2, s. 62-74

DOI: 10.1515/fiqf-2016-0023

eFinanse
financial internet quarterly

HOUSEHOLD FINANCIALIZATION – SENSE AND SCALE OF THIS PHENOMENON ON THE EXAMPLE OF POLAND

Ryszard Kata[1], Justyna Chmiel[2]

Abstract

The subject of the study is the phenomenon of household financialization. In the first part of the article a sense of this situation and its influence on the different functioning areas of the households (income, expenses, financial decisions) is described. What is more, the positive and negative effects of this process for the households' financial stability were defined. The next part of the article contains an analysis of the households financialization processes in Poland in the years 2005-2015. On the side of household savings, the analysis included the level and the structure of financial assets. The second area of evaluation of the household financialization processes was bank debt analysis, including mortgage debt. In the elaboration comparative analysis was used, which means that Polish household structure of financial assets and the level of debt were compared to the European Union countries.

JEL classification: D14, G20
Keywords: households financializaton, financial assets, bank loans

Received: 11.06.2017 Accepted: 15.07.2017

1 University of Rzeszow, Faculty of Economics, rdkata@ur.edu.pl.
2 University of Rzeszow, Faculty of Economics, justyna.chmiel@yahoo.com.

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

Introduction

Financialization is a relatively new issue in the literature (Ratajczak, 2012). The number of terms used to describe this phenomenon is the proof of that. With the exception of this name, definitions such as: "infinancing", "bank-racy", and also "financial capitalism" can be found in the literature (Ratajczak, 2012; Toporowski, 2012). The next argument which shows that the phenomenon of financialization has not been explored very precisely yet, is the lack of unambiguous definition (Remlein, 2015). According to A. Kamela-Sowińska (2014) it is a proof of the fact that this phenomenon is in the middle of scientific recognition, naming and defining. Definitions of financial markets shape financial behaviour of business entities. Many scientists indicate that financialization is the process where financial markets form the financial behaviour of business entities and individual investors, who no longer have only an indirect function. Behaviour patterns are copied from financial markets and mainly determined by profits (Froud et al., 2002; Palley, 2007; Potocki, 2014). Profits generated on the financial market get bigger participation in the structure of income earned by business entities or households' profits (Krippner, 2005). The fact of process interactions and financial motivation in many areas of socio-economic life (retirement, health, education, etc.) is also worth emphasizing. (Martin, 2002; Aitken, 2013). Everyday appearance of financial products, rating systems and new media discussion, promoting the spirit of financial entrepreneurship, leads to financial logic infiltration into these spheres of everyday life which were formerly free from this type of motivation. Decision processes and relations, both economic and social, are subordinate to rationality and financial logic (Pellandini-Simányi et al., 2015).

The process of financialization may be considered in terms of its influence on changes in behavior of households, non-financial enterprises and financial sector entities. In the case of the microeconomic aspect, relatively the most attention in the economic literature is devoted to the problem of companies' financializaton in the real economy sphere. In macroeconomic terms, many theses concern the influence of financialization on the global economy and stability of the global financial system and financial systems of individual countries. The household financialization issue is relatively rarely undertaken in the literature. (Bibow, 2010; Fligstein & Goldstein, 2015; Borcuch, 2013; Waliszewski, 2016).

The purpose of this study is to characterize the phenomenon of household financialization, identify its essence and its impact on different areas of the financial economy of these entities. In the empirical part, the aim of the article is the assessment of the scale and structure of this phenomenon on the example of households in Poland. Wherein, writing about the structure the authors mean the relationship between the impact of this phenomenon on the acquisition and revenue allocation and also on household expenses. To assess progress of household financialization in Poland, the comparative analysis method was used. Scale and dynamics of the analysed phenomenon in Poland was compared to other European Union countries. The analysis period covers the years from 2005 to 2015, and the source of the empirical data was public statistics (NBP, OECD, GUS).

Essence and measure of household financialization

Stagnation of payments, growing income inequalities and less and less labour security and difficulty in finding secure employment, have changed household behaviour. There are two views in literature of how households react to this increase in the financial sphere. To what extent does it influence their daily lifestyle and economic decision making? The first view says that households are passive. It means that their intent is to protect their present lifestyle. The second view indicates that households are increasingly guided by the logic of an economy based on ever-higher risk. What is more, they present an increasingly aggressive approach to the management of their financial assets and liabilities (Fligstein & Goldstein, 2015).

The first approach to household financialization emphasizes how much structural changes have made these entities more dependent on financial services (Rajan, 2010). Due to the increasing pressure of shareholders to make high profits in a short period of time, employment has become less stable and profitable and households have been forced to take on more and more debt (Leicht & Fitzgerald, 2006; Harvey, 2012). Another example which could be given is the reform of the pension systems in many countries that have created a situation where the household savings are often managed by private investment funds. The companies which provide these types of services resort

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

to the development of new marketing methods and creation of a wide range of services which are available to increasingly wider population groups. In this aspect, household financialization is expressed by increased sales of financial products.

The second concept assumes a much more aggressive impact on the activities and functioning of households. According to P. Langley (2008) and G. Davis (2009) an increase of availability of financial products coincided with the creation of a new cultural framework. In this case, households are much more active and entrepreneurial in managing their finances in order to maximize the potential and capabilities of the financial products available on the market. In other words, they are beginning to think and act in "more financially" and are increasingly in favor of risky investments. For their financing and for incurring the expenditures on consumption, households are making financial commitments, using financial leverage at the same time (Greenspan & Kennedy, 2008). This approach suggests that household financialization is more than just the increase of consumption of financial products and services. It implies rather a new kind of socio-economic role, which has been imposed on these economic entities.

The process of household financialization is very often expressed by analysing the level, dynamics and structure of household debt. Such an approach is incomplete and unilateral because without denying a very important area of financialization, which is debt, the other aspects of this phenomenon should be emphasized. Based on the literature analysis of the subject, in Table 1 these dimensions of financialization which affect households have been presented.

Many aspects of household financialization can have negative effects on the stability and financial security of households. While in the macroeconomic sphere financialization is viewed as a factor in the financial crisis (Gostomski, 2014), in the microeconomic sphere it can be a reason of strong financial imbalance between businesses and households. The perception of financialization in the literature of the subject is not unambiguously negative. After all, financialization is the process of strengthening and broadening the relations of economic entities with the financial system. The tasks of the financial system are to enable entities to make payments, allocate savings to profitable investment projects and allocate risk. In the last three decades, the role of the latter has grown particularly. Thanks to this role, risk is possible to assess and risk transfer and diversification at the individual level is practicable. In the case of households, stronger connections to the financial system provide greater opportunity to obtain cash for different purposes and the wide range of financial products gives households a great choice in the ability to invest financial surpluses and to incur liabilities. The problem is how economic entities, including households, benefit from the opportunities offered by the development of the financial system. For example, in terms of lending money, households can use loans to protect their standard of living from income shocks, invest to improve their future income, and rationally satisfy current living needs (consumption) for relatively certain future income. Unfortunately, in many cases loans drive consumption that is not rational in the context of current and future income, driving households into a debt spiral. The activity of financial institutions is a separate issue and, unfortunately, not rare are the use of temptations of abuse and other negative behaviours towards clients. Undoubtedly, financialization processes lead to increased risk.

The financial sector has increased the sum of its assets and has expanded its business largely by selling more and more financial products to households. These products include consumer loans, mortgages, investment funds, student loans, car loans, various forms of pension products, insurance, etc. (Aalbers, 2008; Greenwood & Scharfstein, 2012). It applies, i.a. to the USA, where the involvement of households in financial markets has increased significantly over the last two decades. In credit markets, the real median level of household debt increased by 179% between 1989 and 2007 (Wolff, 2010). The percentage of households with direct equity or investment funds increased from 20% to over 30% in the 1990s, and the average amount of financial transactions has increased more than three times in that period (Kremp, 2010). The housing bubble of the years 2000-2007 proved a widespread popularization of housing investments as entrepreneurial activities. G. Davis (2009) characterizes the United States at the beginning of the 21st century as a "portfolio society", where "investment becomes the dominant metaphor of a person's place in society". He claims that this means changing the way people think about what they own. From this point of view, households began to adopt financial strategies actively as a way of managing their consumption, debt and savings, which may be called the financial culture (Fligstein & Goldstein, 2015).

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

Table 1: Symptoms of household financializaton

Area of influence	Characteristic of influence
Household income	· changes in the structure of income - an increase in the share of income from holding financial assets, including capital;
	· perception of financial engineering as self-contained way of generating income in separation from fundamental rules of economic life;
	· the dependence of the economic condition of households on the changing situation on the financial markets (Interest rates, exchange rates, financial rates).
Economic decisions,	· the commonness of financial decisions in the sphere of everyday life;
including savings and investment	· increasing willingness to take financial risk, including increasing debt as a means supporting a standard of living and lifestyle;
	· the growing role of the risk factor and behavioural determinants in financial decisions of natural people;
	· greater involvement in active trading in equities and other financial assets;
	· use of a wide range of financial services, also by those households with relatively lower disposable income;
	· base financial decisions on so-called "heuristics of trust", it means using direct (financial advice to customers) or indirect (media) expert recommendations;
	· a tendency to shorten the time horizon of investment decisions;
	· the rising importance of cash-free settlements in households;
	· increasing insurance and need to accumulate capital for retirement awareness.
Household expenditures	· increase in expenditure on credits and loans in the structure of expenditures;
	· the importance of credit in financing "every-day" consumer spending;
	· increase in debt caused by satisfying housing needs (mortgages);
	· increasing occurrence of debt rollover;
	· the increasing influence of the "wealth effect" on household spending decisions.
Household assets	· general increase of financial assets within household assets;
	· home (flat) treatment as an investment asset that can be used to finance consumer spending, education, or other investment activities;
	· increasing dependence of the value of household assets on the economic situation on the financial market;
	· focus on the market value of financial assets and financial risk (high sensitivity of financial asset holders to their market value).

Source: Own elaboration based on (Bibow, 2010; Ratajczak, 2012; Potocki, 2014; Fligstein & Goldstein, 2015; Szewc-Rogalska, 2015; Waliszewski, 2016).

Within this financial culture, particular attention is paid to the formation of the market value of financial assets and making decisions connected with consumer spending on this basis (thus also the level of savings). In literature, this is determined as the "wealth effect", which is a derivative of capital gains, as well as real estate gains treated as financial investments and the valuation of those assets. The high sensitivity of financial assets holders to their market value has specific consequences (Table 1). It results in their preference for a short time horizon in their investment decisions and being susceptible to all information flowing from the capital market. This behaviour of households increases their financial risk by taking account of the risks associated with the behaviour of other market participants. These issues are the subject of considerations within the field of behavioural finance. The focus is not on the "intrinsic" value of assets resulting from economic conditions, but on how the potential investors in the financial market perceive and value this information (Dembiński, 2011; Szewc-Rogalska, 2015).

The effect of household financialization is the excessive dependence of their income on the financial market situation, including the money and credit market

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

(interest rates on loans) and foreign exchange. For example, in Poland, if a household has a loan denominated in Swiss francs, each change in exchange rate affects essentially the level of disposable income (household) after paying a current installment.

In general, household financialization is manifested in taking on more and more risky economic ventures, both on the sources of financing of expenditures (e.g. excessive debt) and on the savings side (investments in stocks such as stock exchanges, foreign currencies, investment funds with a risky portfolio profile, etc.).

The evidence for household financialization is a relative increase in their debt with a relative decrease in savings and a change in the structure of savings towards riskier forms of investing financial resources. Speaking of relative sizes, the authors mean such measures of financialization as:

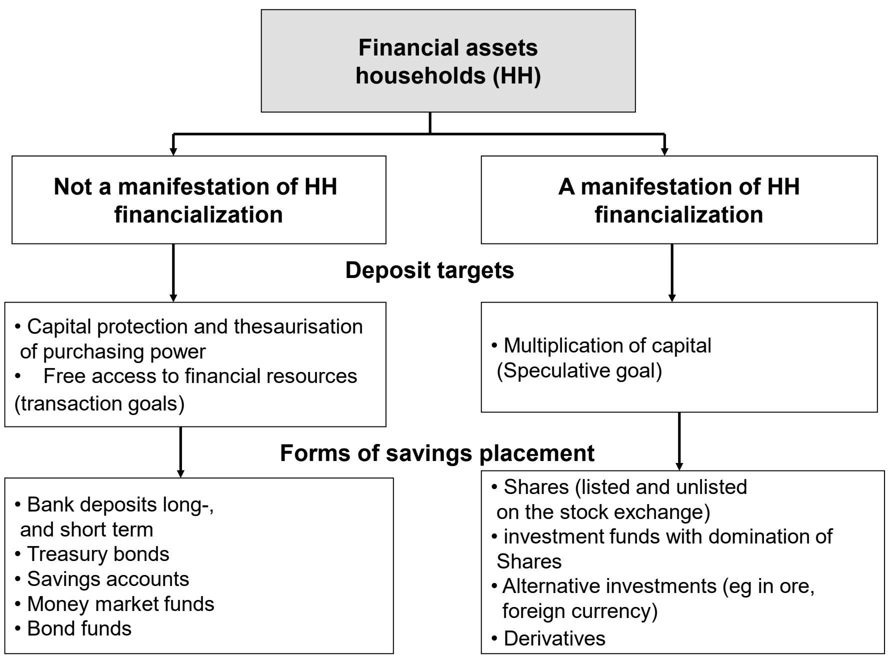
1) household debt ratio to their disposable income (microeconomic approach) or to GDP (macroeconomic scenario);
2) the relationship of household savings to their disposable income or GDP;
3) comparing the size of debt to household savings with reference to disposable income or GDP;
4) participation of financial assets in the total assets structure and participation of risk assets in the structure of financial assets.

Households make basic financial decisions concerning consumption and saving, aiming at meeting their needs, both current and future. Savings are understood as refraining the consumer from current consumption for its future increase (Bywalec, 2012). The overall level of savings is determined by the level of income and the propensity of households to save. On the other hand, the forms in which savings are placed by households depend on the motives and objectives of saving (Magri, 2007; Keese, 2010; Krupa et al., 2012).

Household savings can be invested in tangible and financial assets. Taking into consideration the phenomenon of household financialization, it is possible to separate these forms of investing savings into financial assets, which should be identified with the financialization process, and those which could not be defined as the symptoms of financialization (Fig. 1).

The second group includes those forms of saving that are related to the need to preserve (transfer in time) the current purchasing power. It is particularly concerned with compulsory savings resulting from the country-specific pension system (mandatory pillar). This group also includes the savings resulting from the need to maintain the household’s financial liquidity and make current payments. In turn, forms of saving which are the

Fig. 1: Classification of household financial assets in terms of the financing process



Source: Own elaboration

The article is an effect of the project –„Financialization New Trends and Directions of Development”- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

symptoms of the financialization process are those that result from speculative motives (willingness to multiply capital) and are associated with relatively high financial risk (Fig 1). In Figure 1, the presentation of distribution of financial assets of households in the context of financialization is theoretical. In practice, it is very difficult to unambiguously and objectively determine the motives and purpose of putting savings in certain forms of assets.

In accordance to the F. Modigliani's life-cycle theory, assets are often acquired for the purpose of transferring purchasing power over time. They are purchased in order to supplement their lower income from retirement in the future and they are the result of cautious and risk-adjusted financial decisions of households. In the case of assets related to the financialization process (Fig. 1) the motive for their acquisition is quite different. The household is trying to multiply its accumulated savings so far, not always paying attention to the risks that come with it and the possible losses it may incur.

As in the case of financial assets, also in the case of liabilities, there is a theoretical possibility to distinguish those debts which are not manifestations of financialization and those related to the process of household financialization (Tab. 2). If bank credits, loans or other financial obligations (for example: unpaid invoices for electricity, gas, etc.) arise from the need to meet basic household requirements, then they should not be linked to the financialization process. On the other hand, the debts that are the result of the desire of households to realize a path of consumption, which is higher than is due to the current level of income, should be identified with the financialization process. These obligations are often loaded with much higher risk and higher costs. Debt related to the financialization phenomenon also includes investments in financial assets or real estate that are expected to generate future financial income (dividends, rentals, speculative profits).

Classification of commitments in the aspect of the financialization process, presented in the second table, is very difficult to apply in practice. Only based on research on household motives for making commitments, would the identification specifying which commitments should be included in the financing area be possible.

Considering the above-mentioned difficulties in unambiguously classifying liabilities in the context of the financialization process, this paper assumes that all household bank loans will be analysed in the context of the financialization process. Such perception of household bank debt is often encountered in the literature of the subject (Bibow, 2010; Fligstein & Goldstein, 2015).

Table 2: Classification of financial liabilities of households in the aspect of the financialization process

Specification	Household liabilities:	
	Not related to the financialization process	related to the financialization process
Purpose of commitments made	Satisfying basic living needs of the households	Realization of the consumption path significantly exceeding current income
Financial risk	Low - liabilities are covered by current income	High - covering liabilities depending on future income growth, from the exchange rate
Speculative and gambling motives	They are not present	They are present
Types of commitments (examples)	· Liabilities for the supply of basic products and services (rent for housing, electricity, gas, sewage, etc.)	· Liabilities for payments for luxury goods
	· Mortgage in the national currency financing housing needs of the family	· Consumer credit financing consumption growth above current income
	· Other credits and loans financing the basic needs of the family (e.g. redecoration of the apartment)	· Credit to cover financial investments
		· Housing loan (mortgage) financing investment objectives (rent, speculation on real estate prices)

Source: Own elaboration

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

Apart from analyzing debt in terms of the objectives of the commitments, from the point of view of the process of household financialization, the ratio of liabilities (debts) to disposable income is also very important. In this context, the purpose of the credits or loans disappears into the background, but the scale of the debt and its impact on the stability or even financial security of households is significant. Undoubtedly excessive indebtedness – no matter what motives and needs arise - is a negative phenomenon that we can unambiguously identify with the financialization process.

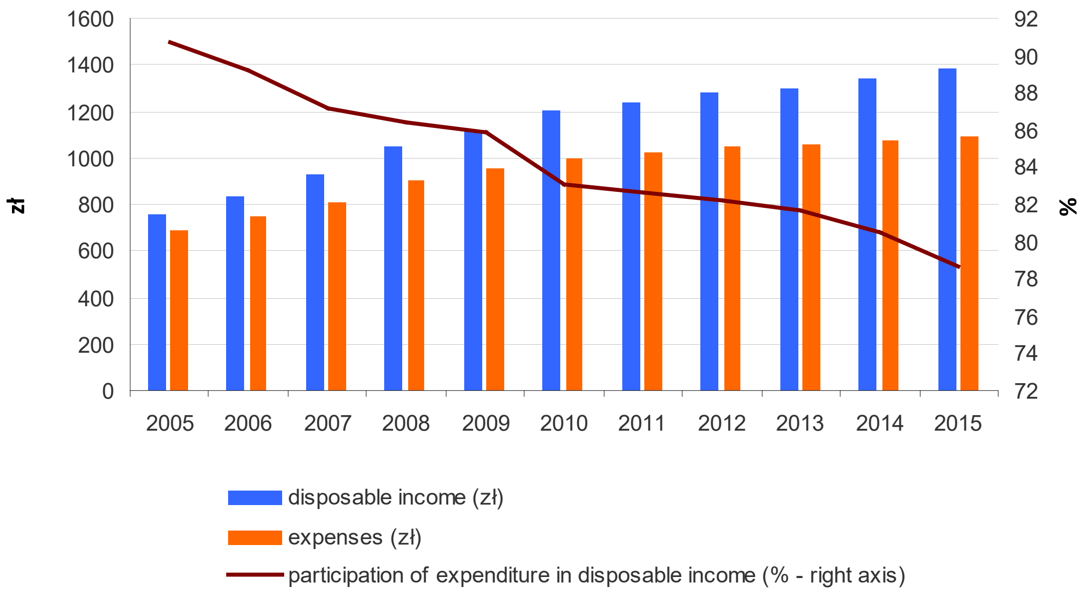
Household financialization in Poland

In the years 2005-2015, the disposable income of Polish households grew faster than their expenditures, which meant that households had an increasing financial reserve that could be used to invest, among other things, in financial assets (Fig. 2). The share of household savings in relation to GDP increased in Poland from 77.8% in 2005 to 99.2% in 2015. In the period considered only in 2008 there was a decrease in household savings in relation to GDP (from 89.4% in 2007 to 74.7%). This was the result of the financial crisis and a deep decline in the valuation of assets listed on stock exchanges. Total savings of Polish households increased from PLN 756 billion in 2005 to PLN 1,718 billion in 2015.

In the aspect of the process of household financialization in Poland, it is interesting to observe what kind of financial assets are invested in savings and what percentage of households have certain types of financial assets. Assets related to financialization include: listed and unlisted shares, participation units in investment funds, assets in the form of insurance policies with capital funds, derivatives and other equity investments. The value of such assets increased nominally in 2005-2007, after which it recorded a substantial decline in 2008, which was the consequence of significant depreciation because of the global financial crisis. It was not until 2013 when the nominal value of this type of assets exceeded the level recorded in 2007 (Fig. 3).

The participation of assets related to financialization in the structure of household assets in Poland decreased from about 50% in 2005-2007. Household savings in Poland, since 2008, are mostly invested in cash, short-term and long-term bank deposits and other low-risk assets. Households, especially after the negative experiences of the financial crisis, are mainly interested in the safety and liquidity of their savings. However, from 2012, it is possible to notice a growing trend of placing the funds in riskier assets (Fig. 3). This proves that the financialization of households in Poland, held up for some time by the financial crisis, is proceeding. Nevertheless, the rate of

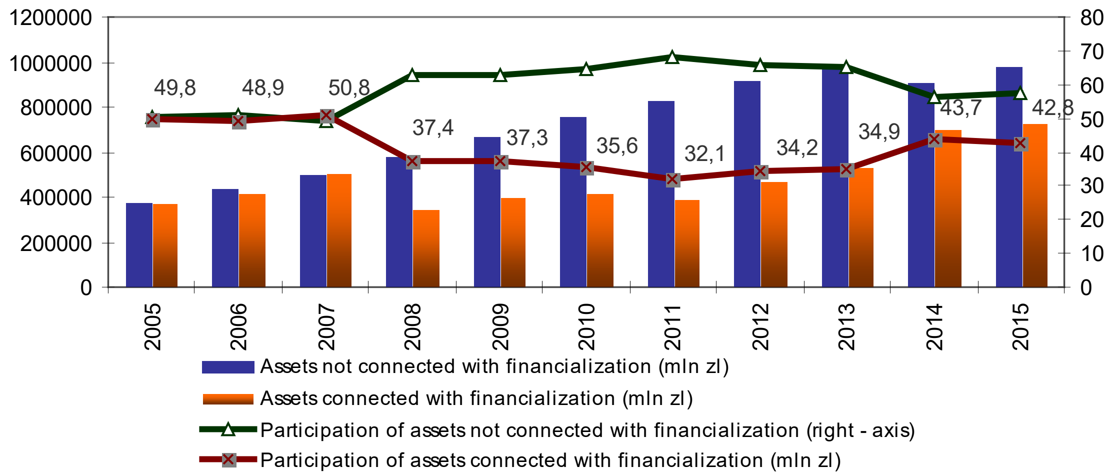
Figure 2: Average monthly income and expenditure per capita in Polish households (PLN) and share of disposable income (%) in 2005-2015



Source: Own elaboration based on GUS data

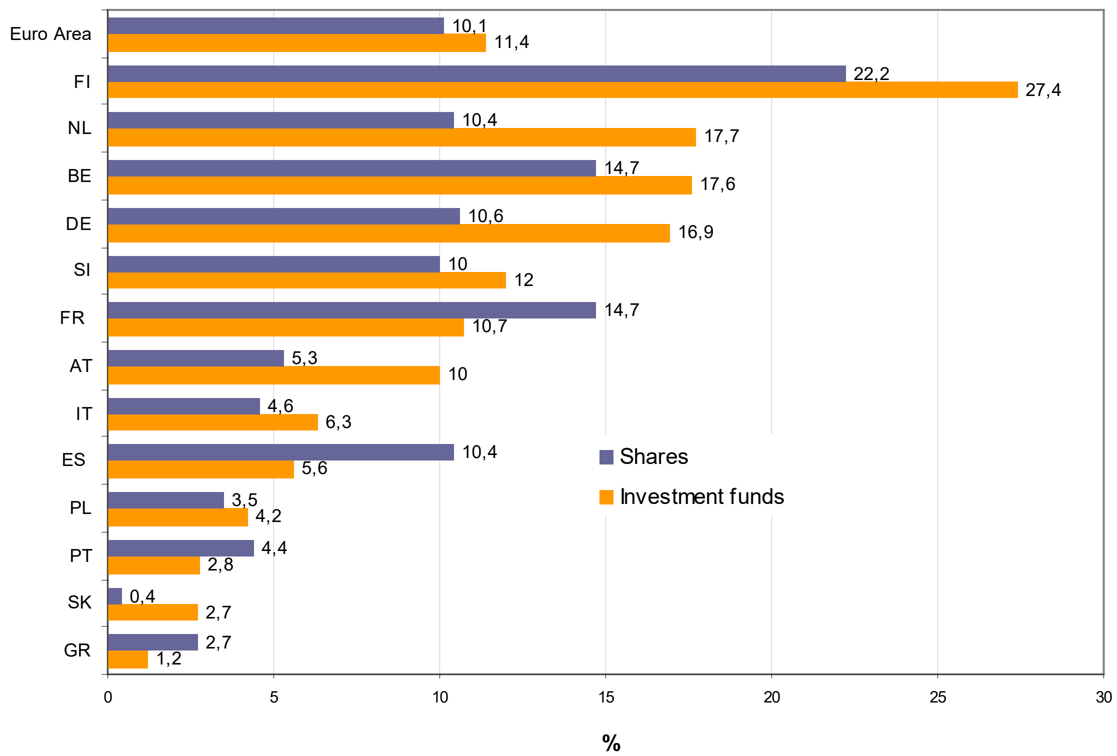
The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

Figure 3: Financial assets of households in Poland in the aspect of the financialization process



Source: Own elaboration based on GUS data
http://www.nbp.pl/home.aspx?f=/publikacje/domowe/domowe.html

Figure 4: Percentage of households investing savings in stocks and investment funds in Poland against the euro area (2014)



Markings: PL - Poland, BE - Belgium, DE - Germany, GR - Greece, ES - Spain, FR - France, IT - Italy, NL - Netherlands, AT - Austria, PT - Portugal, SI - Slovenia, SK - FI - Finland, EA - Eurozone.

Source: Own elaboration based on NBP (2015) growth of assets that we can identify with financialization is much slower than before 2008.

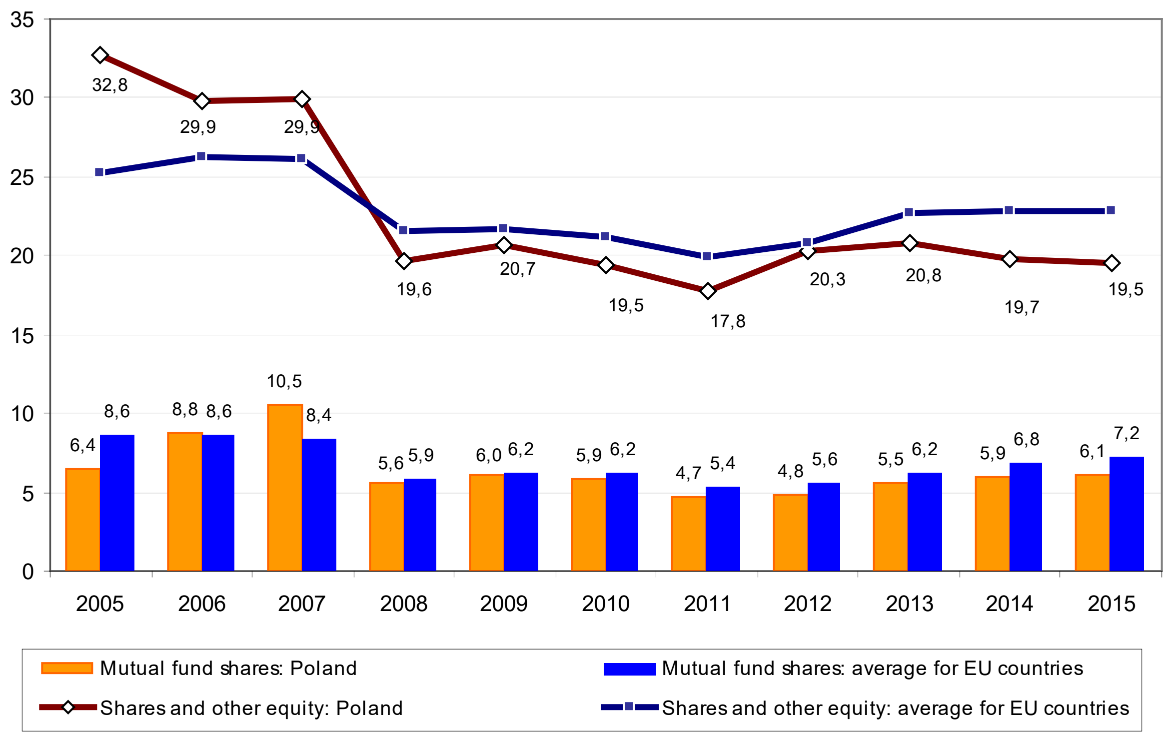
Relatively few households in Poland place their savings in high risk instruments. On the other hand, it enables them to gain potentially high rates of return. (fig. 4). In the year 2014, merely 3.5% of households placed their savings in stock shares. In comparison to the euro area, the average amounted to 10.1%. In turn, the shares (units) in investment funds are held by only 4.2% of households in Poland, with the euro area average of 11.4%. As indicated by the NBP data (2015), other equity investments realized through pension systems or insurance policies with investment capital funds were in possession of only 1% of households in Poland. Meanwhile, in the euro area, the proportion of households investing savings in such financial instruments amounted to 11.9% in 2014 and, for example, in the Netherlands, as much as 53.2%.

The participation of equity and other equity assets in the structure of financial assets of Polish households decreased from 32.7% in 2005 to 19.5% in 2015 (Fig. 5). The fall in this area, because of the financial crisis, was recorded in all European Union countries, but in Poland it was much deeper than the average in the European Union (Fig. 5). On the other hand, the participation of investment funds in the structure of financial assets of Polish households increased from 6.4% in 2005 to 10.5% in 2007 and as a result of the markdown in share units and the withdrawal of some clients from such assets, it decreased to 4,7% in 2011.

In 2015, this participation reached the level of 6.1%, with the European Union average of 7.2% (Fig. 5). Also, other assets connected with financialization recorded lower participation in the structure of financial assets in Polish households. It was a level lower than that of the European Union. For example, life insurance reserves, accounted for 4.5% (in 2015) of the household financial assets in Poland, while the average among the EU countries was 10.5%. In the structure of financial assets, the participation of assets that could be associated with the financialization process has clearly decreased after the financial crisis (Fig. 5). This tendency for households in Poland was much stronger and more sustainable than in most European Union countries.

Consumer behaviour of households in Poland is becoming like those observed in Western European countries. Household consumption aspirations are

Figure 5: Stocks and shares in investment funds in the structure of financial assets of households in Poland and the European Union in the years 2005-2015 (in %)



Source: Own study based on OECD data https://data.oecd.org/hha/household-financial-assets.htm#indicator-chart

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

Table 3: Household debt in Poland against selected euro area countries (2014)

Specification	Country													EA
	PL	BE	DE	GR	ES	FR	IT	NL	AT	PT	SI	SK	FI	
Total debt ratio of households (%)	37	44,8	47,4	36,6	50	46,9	25,2	65,7	35,6	37,7	44,5	26,8	59,8	43,7
Median value of debt (in thousands of euros)	2,4	39,3	12,6	14,6	36	18,4	15	89,1	13,8	31,7	4,3	3,2	29,4	21,5
Percentage of household debt due to housing loans (%)	12,1	30,5	21,5	17,5	32,5	24,4	10,8	44,7	18,4	26,7	14,1	9,6	n.d.	23,1
The median value of mortgage debt (in thousands of euros)	25	69,3	80	41	60	55,9	60	131	37,5	48,8	6,6	25	n.d.	67,5

Markings: PL - Poland, BE - Belgium, DE - Germany, GR - Greece, ES - Spain, FR - France, IT - Italy, NL - Netherlands, AT - Austria, PT - Portugal, SI - Slovenia, SK - FI - Finland, EA - Eurozone.

Source: Own elaboration based on NBP (2015)

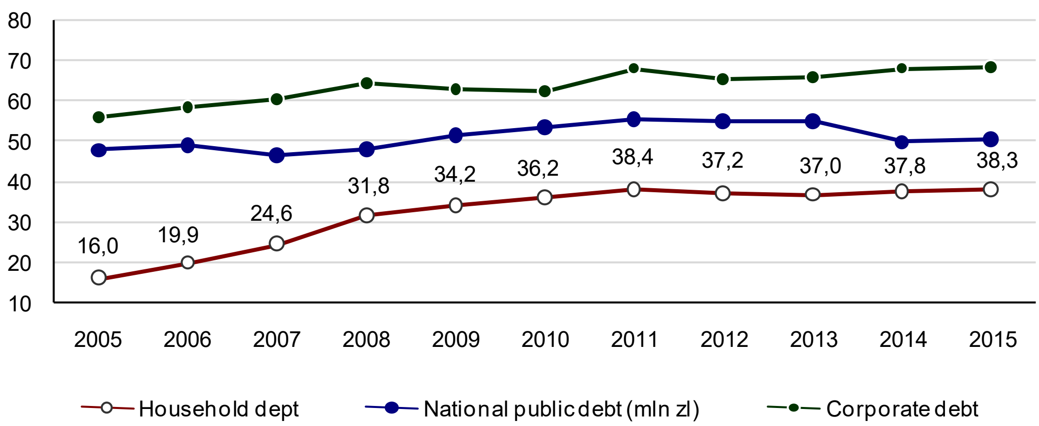
increasingly being realized through credits or loans. Fulfilment of household consumption aspirations is increasingly being realized through credits or loans (Wałęga, 2010). Among them, bank loans are predominant.

At the end of 2014, 37% of households in Poland were indebted due to credit and bank loans (Tab. 3). 12.1% of households were indebted with mortgages, whereas 29,4% of Polish households had credits and loans, which were not related to housing purposes.

Household debt has increased significantly in recent years, as evidenced in Figure 6. Over ten years, these entities have recorded a more than double increase of debt in relation to GDP. This is a much higher increase in comparison to the growth of public debt or corporate debt.

Investigating the symptoms of household financialization in Poland, apart from the size of their debt, also a deeper analysis of the structure of liabilities

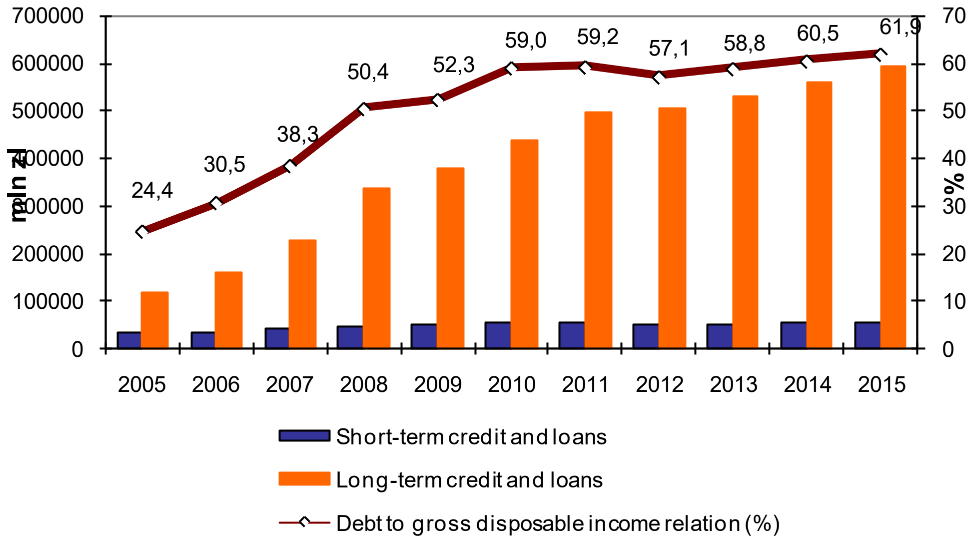
Figure 6: Polish household indebtedness against corporate debt and public debt in relation to GDP (%)



Source: Own elaboration based on GUS data

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

Figure 7: Household indebtedness in Poland (in PLN million) in 2005-2015 and debt relations to gross disposable income (%)



Source: Own elaboration based on GUS data

Table 4: Household debt in selected European Union countries in relation to net disposable income (%)

Country	2015 r.	2015-2005 (in p.p.)	2015 in relation to the maximum in the years 2005-2015 (p.p)
Denmark	292	10,3	-47,8
Netherlands	277,1	25,5	-17,1
Sweden	179,1	32,4	0
Ireland	177,9	-22,3	-61,7
United Kingdom	149,5	-7,4	-23,8
Portugal	136,4	0,5	-18
Finland	129,7	30,5	0
Spain	121,9	-6,3	-32,5
Greece	118,5	50,9	-3,7
Belgium	114,3	34,8	0
France	108,3	19,9	0
Austria	93,5	6	-0,7
Germany	92,9	-15,2	-15,2
Italy	89,2	17,9	-2,8
Czech Republic	68,7	29,3	0
Slovak Republic	68	38,3	0
Poland	64,2	39,1	0
Slovenia	56,7	16,4	-3
Hungary	47,2	0,1	-33,8
EU	119,95	14,7	8,3

Source: Own calculations based on OECD data: https://data.oecd.org/hha/household-debt.htm#indicator-chart

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

incurred is required. In Polish households, long-term debt dominates, which has risen more than five times starting from 2005 (Fig. 7). Short-term loans and credits remained relatively stable. The household debt ratio in banks in relation to their gross disposable income has risen significantly, that is, the amount of disposable household income that can be allocated for consumption or savings (Fig. 7). This data shows that Polish households are increasingly financing consumption, both current and long-term, using credits and bank loans.

In comparison to the other European Union countries, household debt in Poland grew very quickly in 2005-2015 (Tab. 4). In relation to net disposable income, it increased by 39.1 percentage points during this period, that is from 25.1% to 64.2%. Only in Greece during this period was the increase in household indebtedness higher (50.9 p.p.). Poland also belongs to those countries where the level of household indebtedness reached its maximum in 2015 (Tab. 4). It is true that in relation to disposable income, the debt of Polish households is still almost half of the European Union average, but its dynamics clearly indicate the existence of the financialization process.

Conclusions

The process of financing is a dynamic and multidimensional phenomenon. Due to this fact, it is difficult to measure the level of this phenomenon. This especially applies to households. In their case, certain financial decisions have not only economic and financial premises, but also many others (behavioural, existential, social, etc.). The purpose of specific financial decisions should, in our opinion, be the main criterion for their association with the financing process. To find these out, direct survey research by decision makers would be necessary. The research on household financialization in Poland, completed for the purposes of this study, was based on public statistics. Their results should be treated as a certain estimate (approximation) of the phenomenon of household financialization. Based on the analysis, the following conclusions can be made:

1) the level of household financialization in Poland is lower than in most EU countries, especially in the euro area countries;

2) as a result of the financial crisis, the process of household financialization in Poland, perceived from the perspective of the structure of financial assets, has been slowed down;

3) the debt of Polish households shows a constant upward trend. The dynamics of the growth rate of this debt, compared to the increase in debt of other sectors, is significant. Also, against the other European Union countries, the debt of households in Poland, related to their disposable income, increased very rapidly in 2005-2015. This area of the financial economy of households should therefore be regarded as particularly vulnerable to the financing process;

4) taking into consideration the numerous negative effects of household financializations, it is important to increase efforts towards better financial education in society.

References

Aalbers, M.B. (2008). The Financialization of Home and the Mortgage Market Crisis, *Competition & Change,* 12(2), 148-166.

Aitken, R. (2013). The Financialization of Micro-Credit, *Development and Change*, 44(3), 473-499.

Bibow, J. (2010). *Financialization of the U.S. Household Sector: The "Subprime Mortgage Crisis" in U.S. and Global Perspective*, IMK Study, no. 3.

Borcuch, A. (2013). *Finansjalizacja gospodarstw domowych jako zewnętrzny efekt finansjalizacji gospodarki.* In K. Opolski (Ed.), Perspektywy integracji gospodarczej i walutowej w czasach kryzysu. Warsaw: Department of Economy at University of Warsaw.

Bywalec, C. (2012). *Ekonomika i finanse gospodarstw domowych*. Warszawa: PWN.

Davis, G. (2009). *Managed by the Markets: How Finance Reshaped America*. New York: Oxford University Press.

Dembiński, P.H. (2011). *Finanse po zawale. Od euforii finansowej do gospodarczego ładu.* Warszawa: Studio Emka.

Epstein, G. (2005). *Financialization and the World Economy.* London: UK, Edgar Elgar.

Fligstein, N., Goldstein A. (2015). The Emergence of a Finance Culture in American Households, 1989-2007. *Socio-Economic Review*, 13(3), 575-601.

Froud, J., Johal, S., Williams, K. (2002). Financialization and the Coupon Pool. *Capital and Class,* 78, 119-151.

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme

Gonzales, F. (2015). Where are the Consumers? 'Real Households' and the Financialization of Consumption, *Cultural Studies*, 29(5-6), 1-26.

Gostomski, E., (2014). Finansyzacja w gospodarce światowej. *International Business and Global Economy*, 33, 299-311.

Greenspan, A., Kennedy, J. (2008). Sources and Uses of Equity Extracted from Homes. *Oxford Review of Economic Policy*, 24(1), 120-144.

Greenwood, R., Scharfstein, D. (2012). *The Growth of Modern Finance*, National Bureau of Economic Research Working Paper 2162179, Cambridge, MA, NBER.

Harvey, D. (2012). *The Enigma of Capital.* Oxford: Oxford University Press.

Kamela-Sowińska, A. (2014). Od rachunkowości do opisu gospodarczego. *Zeszyty Teoretyczne Rachunkowości*, 77(133), 107-115.

Keese, M. (2010). Who Feels Constrained by High Debt Burdens? Subjective vs. Objective Measures Of Household Debt. *Journal of Economic Psychology*, 33(1), 125-141.

Kremp, P. (2010). *From Main Street to Wall Street? The Determinants of Stock-Market Participation and Their Evolution from 1995 to 2007*. Working Paper, Department of Sociology. Princeton, NJ: Princeton University.

Krippner, G.R. (2005). The Financialization of the American Economy. *Socio-Economic Review*, 3, 173-208.

Krupa, D., Walczak, D., Chojnacka, E. (2012). Preferencje w zakresie form alokacji oszczędności gospodarstw domowych w Polsce. *Copernican Journal of Finance & Accounting*, 1(1), 111-122.

Langley, P. (2008). *The Everyday Life of Global Finance: Saving and Borrowing in Anglo-America*. New York: Oxford University Press.

Leicht, K., Fitzgerald, S. (2006). *Post-Industrial Peasants*. New York, Macmillan Press.

Magri, S. (2007). Italian households' debt: The participation to the debt market and the size of the loan, *Empirical Economics*, 33(3), 401-426.

Martin, R. (2002). *Financialization of Daily Life*. Philadelphia, PA: Temple University Press.

NBP, (2015). *Zasobność gospodarstw domowych w Polsce. Raport z badania pilotażowego 2014 r.*Warszawa: NBP.

NBP, (2016). *Sytuacja finansowa sektora gospodarstw domowych w I kw. 2016 r*., nr 3/16. Warszawa: NBP.

Palley, T. (2007). *Financialization: What It Is and Why It Matters*. The Levy Economics Institute of Bard College. Working Papers, no. 525.

Pellandini-Simányi, L., Hammer, F., Vargha, Z. (2015). The Financialization of Everyday Life or the Domestication of Finance? How Mortgages Engage with Borrowers' Temporal Horizons, Relationships and Rationality in Hungary. *Cultural Studies*, 29(5-6), 733-759.

Potocki, T. (2014). *Finansjalizacja i jej wpływ na indywidualne decyzje finansowe.* In: K. Opolski, J. Górski (Eds.), Perspektywy i wyzwania integracji europejskiej. Warsaw: Department of Economy at University of Warsaw.

Rajan, R. (2010). *Fault Lines: How Hidden Fractures Still Threaten the World Economy.* Princeton, NJ: Princeton University Press.

Ratajczak, M. (2012). Finansyzacja gospodarki, *Ekonomista*, 3, 281-302.

Remlein, M. (2015). Finansyzacja i jej skutki w sprawozdaniu finansowym polskich spółek giełdowych branży paliwowej. *Zeszyty Teoretyczne Rachunkowości*, 82(138), 129-139.

Szewc-Rogalska, A. (2015). Zmiany w postrzeganiu i szacowaniu wartości ekonomicznych w warunkach finansyzacji gospodarki, *Kwartalnik Kolegium Ekonomiczno-Społecznego. Studia i Prace, 3*(23), t. 5, 109-124.

Toporowski, J. (2012). *Moja Polska i moje podejście do ekonomii,* http://www.pte.pl/314_ekonomisci_polscy_w_swiecie_pte.html.

Wałęga, G. (2010). *Determinanty zadłużenia gospodarst domowych w Polsce w świetle wybranych teorii konsumpcji.* In: Otoczenie ekonomiczne a zachowanie podmiotów rynkowych. Kraków: PTE.

Waliszewski, K. (2016). Financialization of the Economy and the Need for Personal Finance Advisory Services. *Financial Internet Quarterly „e-Finanse"*, 12(2), 13-23.

Wolff, E. (2010). *Recent Trends in Household Wealth in the United States: Rising Debt and the Middle-Class Squeeze—An Update to 2007.* Levy Institute Working Paper, no. 589. New York: Bard College, Annandale-on-Hudson.

The article is an effect of the project –„Financialization New Trends and Directions of Development"- international conference, conducted by the University of Information Technology and Management in Rzeszów with Narodowy Bank Polski under the scope of economic education programme