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Polish households in the COVID-19 pandemic – impressions from the Household Budget Survey

Joint work with Michał Hulej, Wojciech Łątkowski, Joanna Przeworska & Olga Zajkowska.

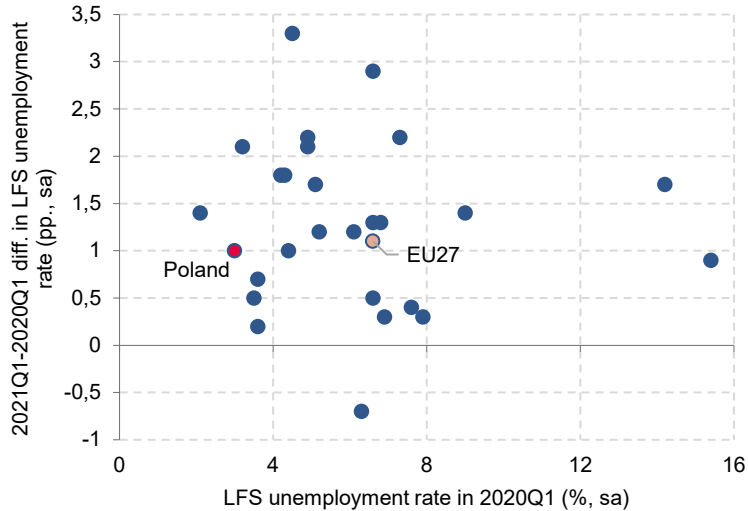
** Standard disclaimer applies.*

88th East Jour Fixe of the Oesterreichische Nationalbank, 12 October 2021

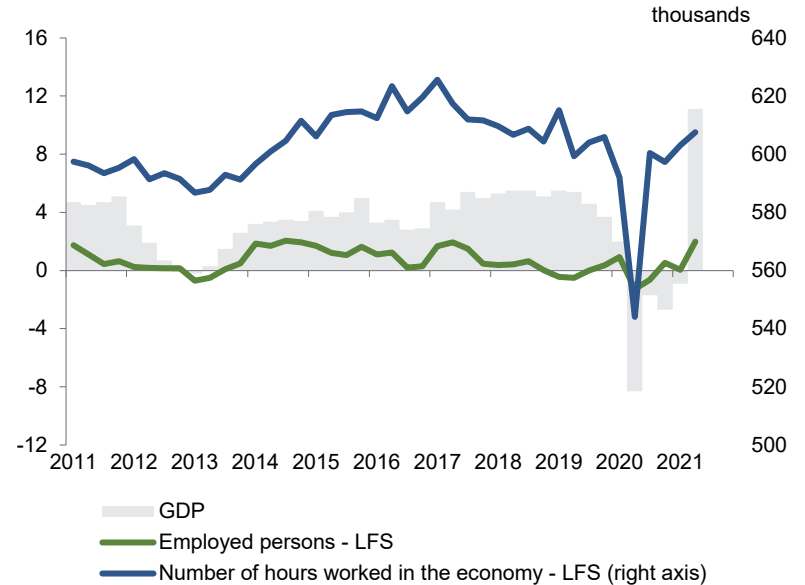


Shielding measures and labour hoarding led to a limited labour market response largely via reduction in the number of hours worked

Change in LFS unemployment rate in the EU countries

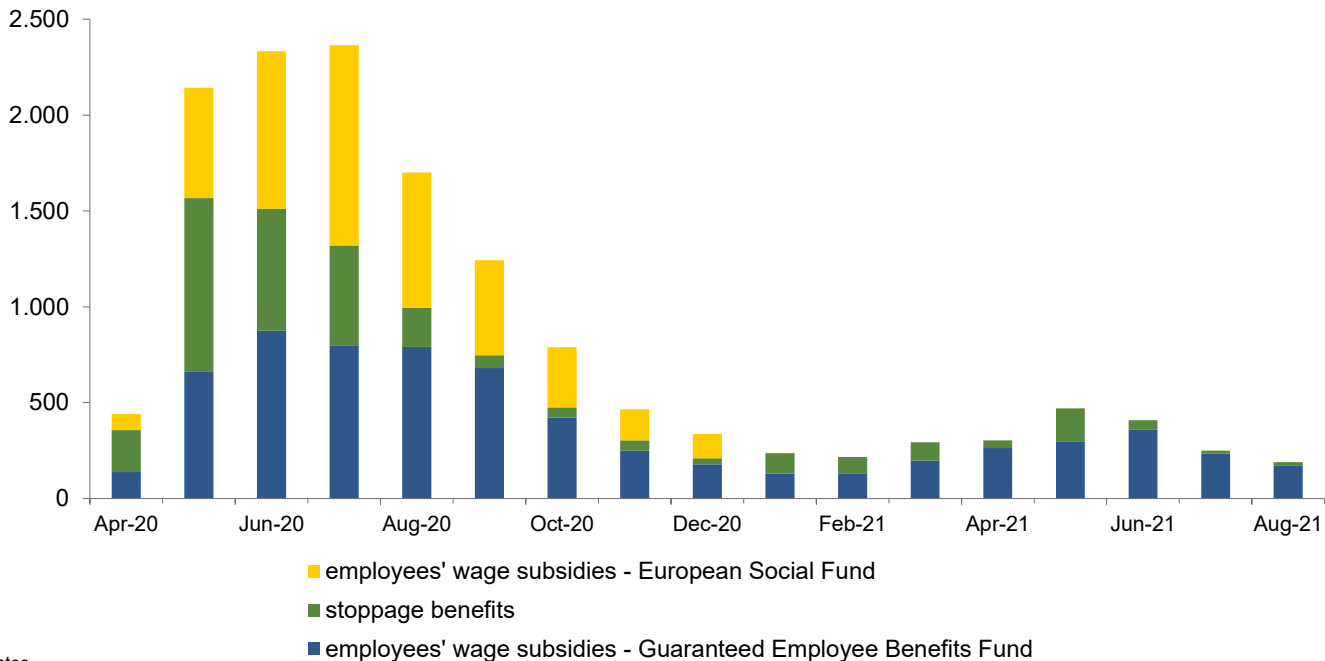


Labour input in the economy according to LFS (% y/y, n.s.a.)



Targeted government support mitigated the scale of labour market adjustments

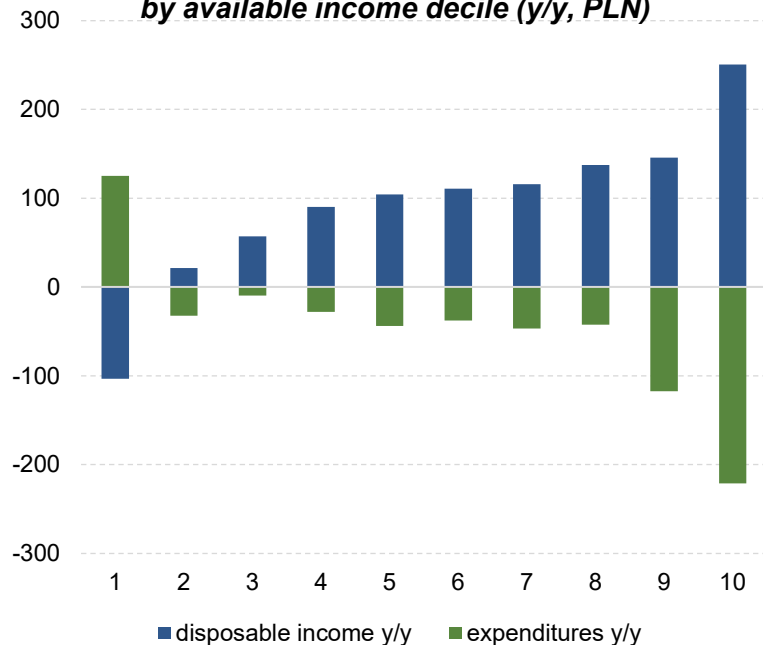
Number of employees benefiting from the anti-crisis shield by type of measure (average stock, ths.)



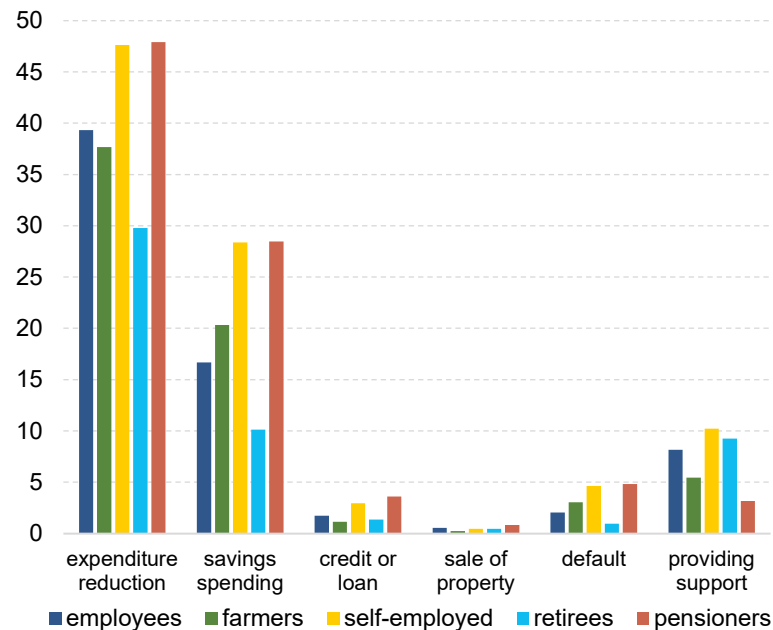
Source: NBP estimates.

Expenditure reduction and savings spending the most common strategy to cope with pandemics

Monthly per capita incomes and expenditures in 2020 by available income decile (y/y, PLN)

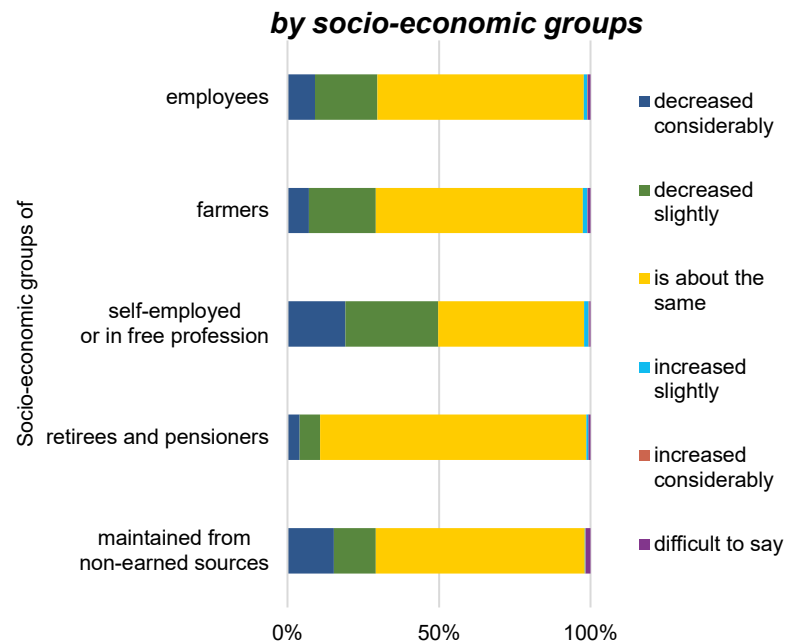
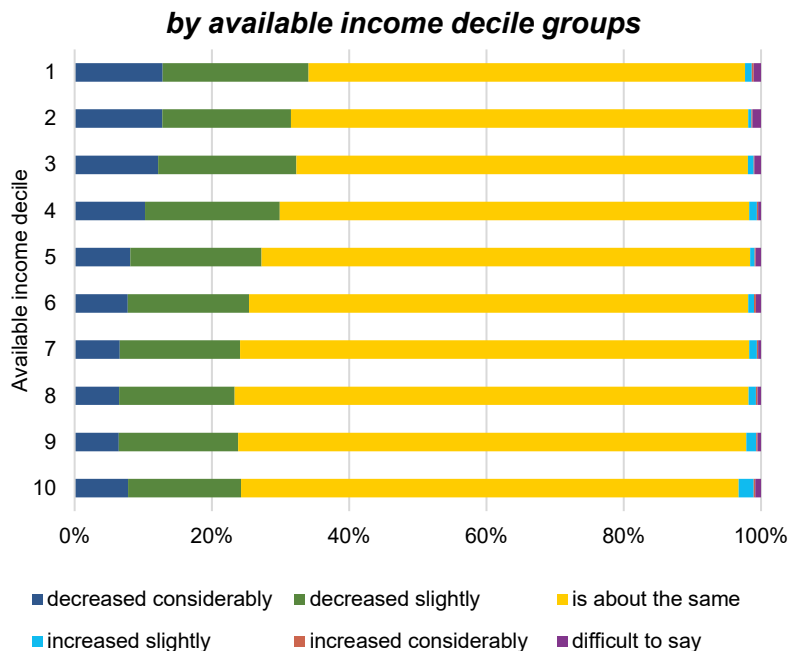


Households' responses to COVID-19 (%)



In subjective terms, household income of the lowest income groups and the self-employed is perceived to suffer most

Subjective change in total household income due to Covid-19 pandemic



Indebted HH in the pandemic – deterioration higher than in an average year

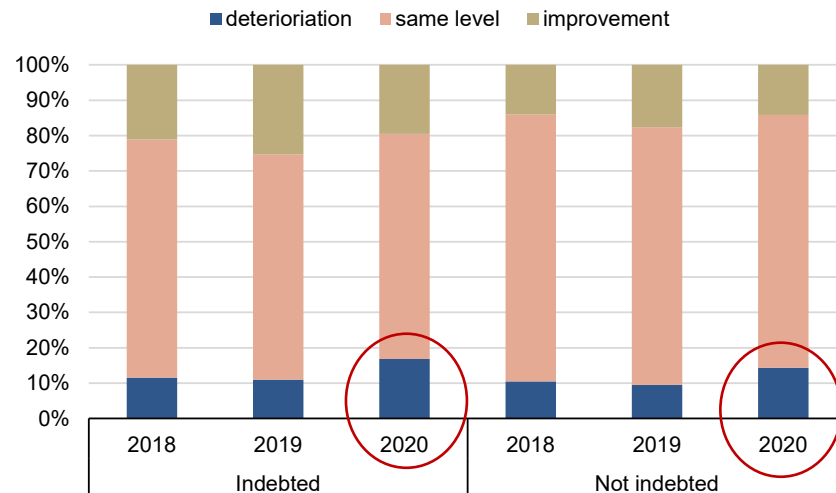
HH financial situation index – average of 6 components: quantitative (income quartile) and qualitative (level of income; material situation; money management; satisfaction of consumption; saving) measures.

Transition matrix – indebted HH financial situation index

		2020			
		poor	average	good	sum
2019	poor	3,2%	2,8%	0,1%	6,1%
	average	2,4%	53,3%	10,0%	65,7%
	good	0,1%	9,7%	18,4%	28,2%
	sum	5,7%	65,8%	28,5%	100,0%

Source: Household Budget Survey (HBS), 2019, 2020, panel data. Comments: **red** - deterioration; white – same level; **green** – improvement. HH with debt in 2019: 24% - HH with debt (apart from credit cards), 16,5% - HH with credits or loans other than mortgage, 10,4% - HH with mortgage loans.

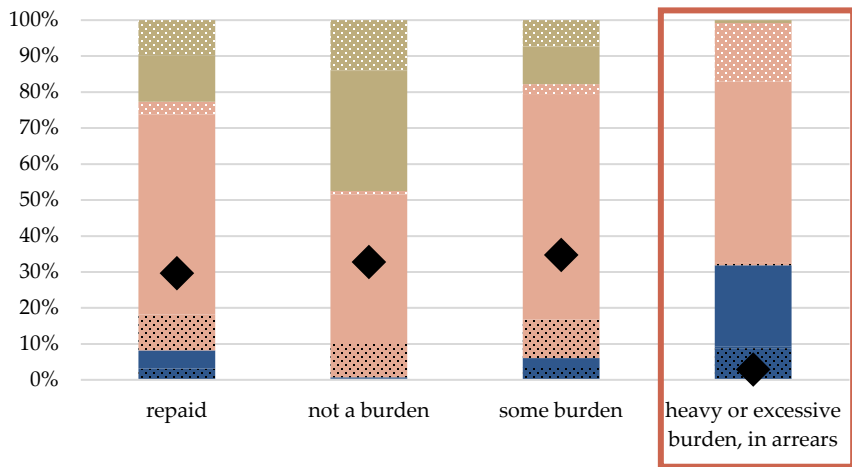
Change in the financial situation over the last 12 months



Source: Household Budget Survey (HBS), 2018, 2019, 2020, survey sample.

Observable improvement or relatively good standing of vulnerable indebted HH

HH financial situation index vs. scale of debt burden



HH financial situation index vs. loan type



■ deterioration to poor
 ■ was and is poor
 ■ deterioration to avg
■ was and is average
 ■ improvement to avg
 ■ was and is good
■ improvement to good
 ◆ group as % of indebted

■ deterioration to poor
 ■ was and is poor
 ■ deterioration to avg
■ was and is average
 ■ improvement to avg
 ■ was and is good
■ improvement to good
 ◆ group as % of indebted

Conclusions

- Unemployment rate remained low: transitory reduction of hours worked, targeted government support, remote work in selected sectors
- Incomes continued to rise, except for the households with lowest earnings
- Expenditure reduction & savings spending were the most common strategies to cope with the pandemic
- (Over)indebted households benefited from lowered interest rates.



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