

## **Description for the general public**

The general objective of the project is oriented at diagnosing living conditions of over-indebted households in Poland. The adopted objective of the project and the conducted studies of literature on the subject allow us to formulate the main research hypothesis, according to which over-indebted households are characterized by living conditions comparable to living conditions of not-indebted households.

The issue of the behaviour of households on the loan market is complex and involves many aspects, and the current state of research in this area is incomplete. While data on loans borrowed by households at the level of the entire financial system in Poland are a subject of analyses, there are no in-depth studies on the influence of indebtedness on households, especially in the situation where loan repayments constitute a considerable burden for their budget. The same applies to the studies on living conditions of households – numerous studies in the field of household consumption do not take up the broader issue of the role of indebtedness in the context of the followed consumption patterns and – generally – of living conditions. The execution of the project will allow for the development of the scientific discipline in the border area of microeconomics, household finance and social statistics.

The interest in issues of lending to households is also dictated by its relevance. In case of Poland, the subject becomes particularly important in the context of a strong growth in the level of the overall household indebtedness on account of loans and credits, noticeable in the last decade. There is a significant exposure of Polish households to the risk of rapid accumulation of overdue debt, especially in case of the occurrence of crisis phenomena in the economy (increased unemployment, reduced income of the population, fluctuations in exchange rates). Moreover, taking into consideration the experience of developed countries, a further prospective increase in household debt in Poland can be expected. Thus, the issues of over-indebtedness of households will take on an even greater importance. Therefore, the proposed research project allows for carrying out studies, the conclusions of which not only will have a cognitive significance today, but will also enable one to determine the situation of households within the next few years.

The reasons for the selection of the project issues are not only of cognitive nature. Knowledge of the processes of formation of over-indebtedness and its impact on living conditions allows one to design better instruments of the state social policy in relation to this group of households, as well as to offer better legal and institutional solutions (including those concerning consumer bankruptcy). Knowledge of the situation of over-indebted households is necessary for the efficient development of state aid in this area.

The project is of theoretical and empirical nature. To realize the main objective of the project and verify the research hypotheses, in the empirical part will be used data at the microeconomic level. During the research will be used secondary data derived from the household budget survey conducted by the CSO over the period 2005–2015. At the same time primary research will be carried out indebted households on a representative sample of households.

During the execution of the project there will be carried out a statistical analysis of living conditions of over-indebted households in microeconomic terms, with the use of, for example, the following statistical methods: an analysis of social and economic indicators, multivariate comparative analysis (in particular taxonomic methods), regression methods and methods of the analysis of qualitative data.