

The objective of the project and characteristics of the planned research

The phenomenon of consumer bankruptcy as an important new element of economic life appeared in Poland practically after the year 2008 through the introduction of the Act of 5th of December 2008 amending the Law on Bankruptcy and Recovery. Until the end of 2014 due to the fact that it was extremely difficult to fulfill the conditions required for cancellation of consumers' debts commitments, the consumer bankruptcy phenomenon was marginal. In the 2009-2014 period it reported only 2,735 applications for a declaration of bankruptcy, of which only 120 applications resulted in the bankruptcy of consumers¹. The introduction of the amendment to the Bankruptcy and Recovery Law on 31st December 2014 substantially liberalized rules on consumer bankruptcy. **In just two years, ie. 2015-2016 the courts announced 6 546 insolvencies², which is 5 455% more than in the previous five-year period.** First two months of 2017 year (756 declared bankrupt consumers) only confirm that the phenomenon of consumer bankruptcy will become increasingly important as new, but also durable economic phenomenon in Poland.

The aim of the project is to assess and predict the risk of consumer bankruptcy in Poland in terms of macro and microeconomic approach. In a study author intends to develop several models of decision trees, discriminant analysis and fuzzy sets, whose task will be to predict the risk of bankruptcy for individual consumers based on their demographic and behavioral variables (**microeconomic approach**). This approach will allow:

- to assess the usefulness of each method in predicting consumer bankruptcy and to indicate the method characterized by the highest effectiveness of generated forecasts;
- to predict the risk of bankruptcy of individual consumers (models will be made available to a wide audience in the form of publications, presentations at scientific conferences and on the Internet at the website);
- to identify the main microeconomic factors that increase the risk of bankruptcy for households.

In the macroeconomic approach, the author plans to develop and to make available an early warning system, which will be aimed at forecasting the number of consumer bankruptcies in the whole Poland. This system will allow:

- to identify macroeconomic factors that may affect the scale of consumer insolvencies in Poland;
- to forecast the factors negatively affecting the financial situation of households (**this system will be characterized by cause and effect approach**) - eg. by forecasting the exchange rate of PLN / CHF, which directly affects the deterioration of the economic situation of borrowers who have opened credit positions in Swiss francs;
- to characterize and to evaluate a new economic phenomenon, which is a consumer bankruptcy in Polish literature;
- to develop a tool supporting decisions shaping macroeconomic policies (eg. by financial institutions).

The author hopes that the cause-and-effect studies conducted by him will set new directions for forecasting the risk of consumer bankruptcy and will allow improved identification of this new economic phenomenon in Poland. This issue is important from the point of view of both economic theory and business practice. Hence, the author hopes that the planned research will meet the interest not only on the part of students and researchers in the field of economic sciences, but also business practitioners (eg. credit analysts, bankers), and consumers themselves.

¹ Data of the Department of Statistics and Analysis of the Ministry of Justice.

² Number of consumer bankruptcies announced in „Monitor Sądowy i Gospodarczy“.