



Union of Citizens Advice Bureaux

**The credit crunch:
its implications for
citizens advice work
in Poland**

Brussels, 25 February 2009

Up to October 2008



- Rapid growth of the Polish economy**
- Low inflation rate**
- Wages rising 2½ times faster than inflation**
- Among EU countries, greatest decrease of unemployment in Poland - from 8.2% to 6.5%**
- Boom in housing development**
- Advertising encouraged the purchase of newer and better goods**

As of October 2008



- The government reassures the country of its good economic situation**
- Warnings to banks from the Polish Financial Supervision Authority**
- Banks limit credit to both individuals as well as to companies**

December 2008



- Lay-offs begin**
- Exponential growth of Poles' loan obligations**
- Credit card loans are becoming more difficult to pay**

December 2008



- **About 1.4 million persons not meeting their financial obligations**
- **Poles enter into debt more frequently and for ever higher amounts**
- **Higher cost credit from private loan companies**



The picture as we enter 2009

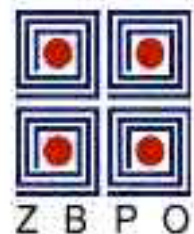
- Decreased manufacturing production**
- Strikes and protests at many companies**
- Increasing housing and food costs**
- Unemployment grows to 10.5% in January - by February, it reaches 11.5%**
- The Central Statistical Office reports quickly declining consumer confidence**

Profile of Polish debtors



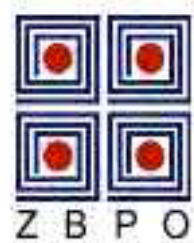
Data from PBS DGA market research agency:

- **2/3 are men**
- **About 33% are aged 26-35
about 20% are aged 36-45**
- **38% of respondents (especially older persons) do not know what to do when they begin having problems meeting financial obligations**



What is being done to address the current financial crisis?

- The government is looking for 5 billion EUR in budget savings**
- Government anti-crisis plan**
- Creation of a government Social Solidarity Reserve to help the most vulnerable citizens (over one-billion złotys)**



What is being done to address the current financial crisis?

- Systemic programs of assistance are lacking**
- In March, a new law comes into effect on consumer bankruptcy**
- Assistance programs are being carried out at the local level**

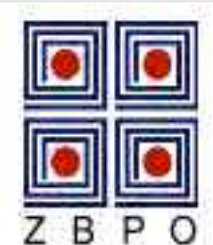
Where can people get help?



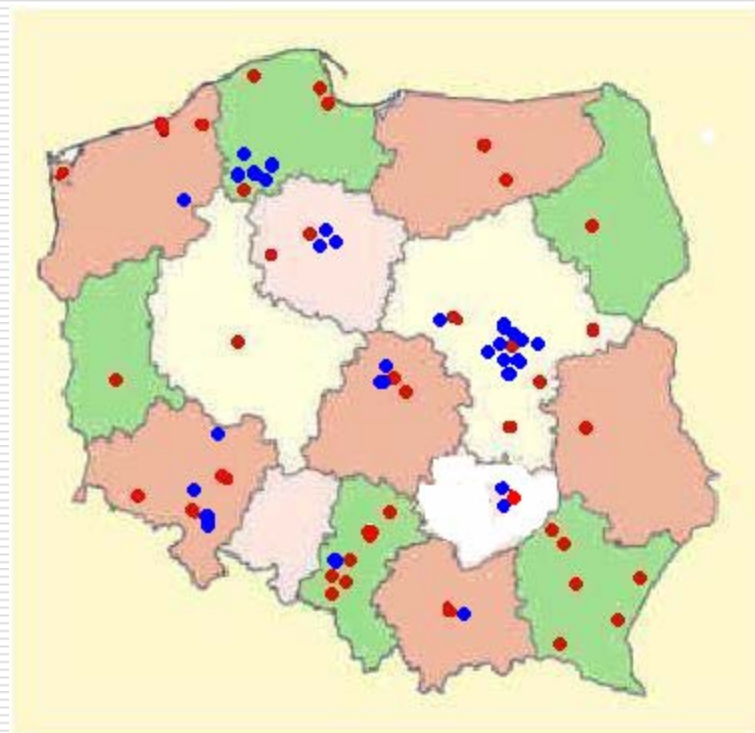
Available resources are limited:

- Social welfare offices can help only those already living below the statutory poverty level**
- Non-governmental organizations – few have skills to help people in debt**

Citizens Advice Bureaux: our resources and network

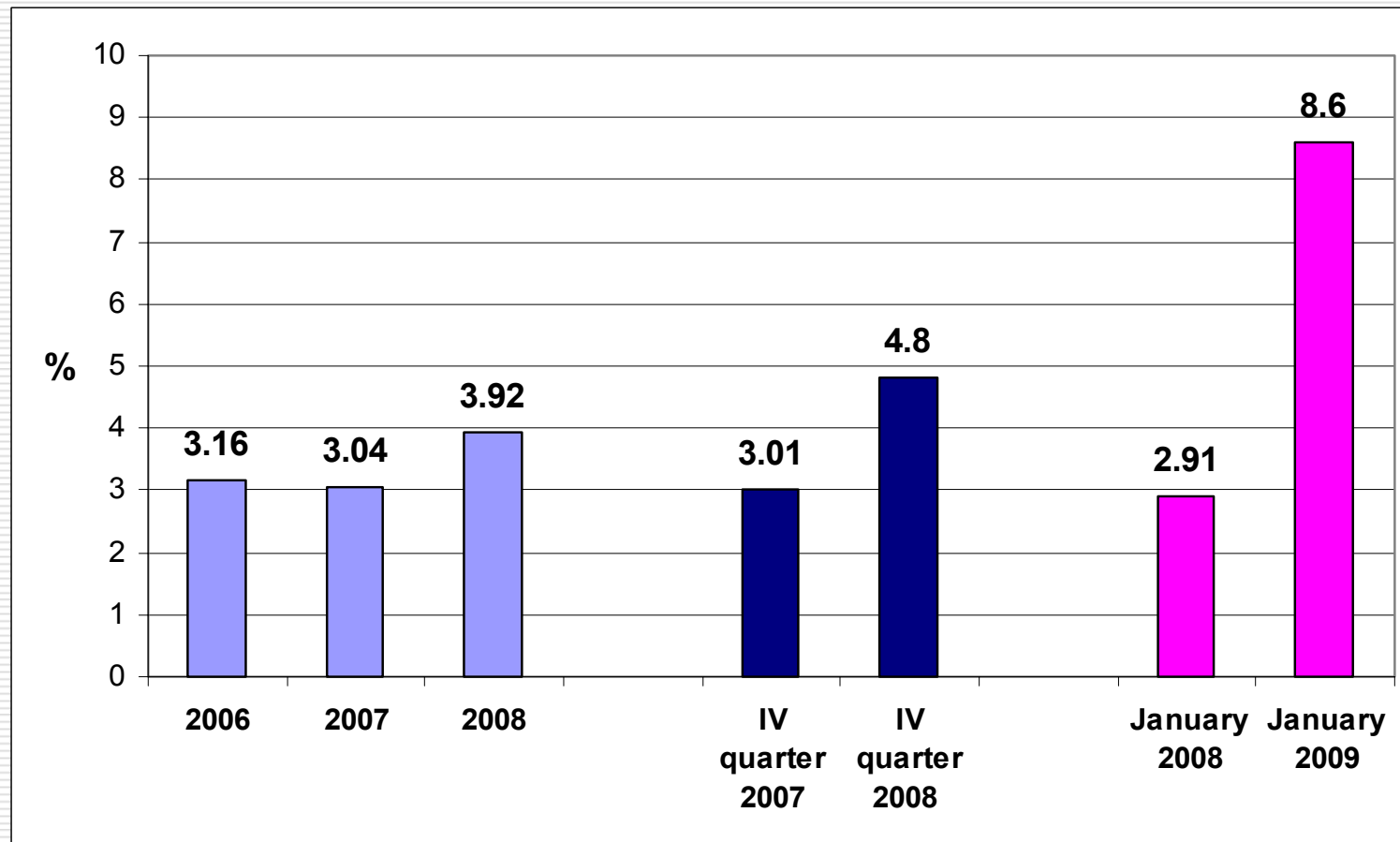


- ❑ **65 sites throughout Poland - 37 CABs and 25 service sites**
- ❑ **300 persons provide advice services**
- ❑ **29 133 inquiries in 2008**



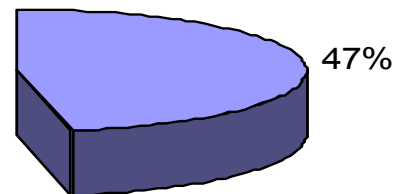
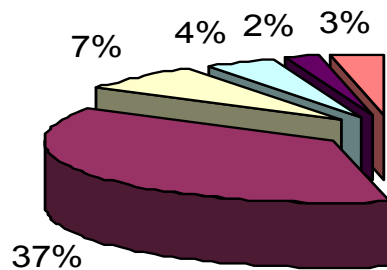


Growth of debt-related cases





CAB clients owe money to:



- 47% Banks and private loan companies
- 37% Housing administration
- 7% Alimony payments
- 4% Social Insurance Institution
- 2% Social welfare office
- 3% Others



What we lack:

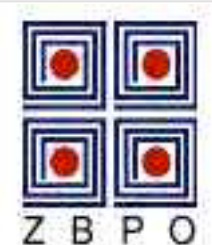
- ❑ **CAB clients are not knowledgeable about financial issues**
- ❑ **CAB advisors do not have enough knowledge about financial issues**
- ❑ **No comprehensive assistance program for debtors involving multiple actors exists (counseling, banks, legal framework)**

What can we do?



- **Track changes in the situation – be aware of emerging problems**
- **Work with creditor groups: banks, housing administrators and others – they are interested in working with Citizens Advice Bureaux**

Contact



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