
THE IMPACT OF COVID-19 PANDEMIC ON FINANCING THE PURCHASE OF RESIDENTIAL REAL ESTATE THROUGH A MORTGAGE IN POLAND

*AGNIESZKA SADOWA**

KEYWORDS

financing, real estate, residential real estate, Poland, mortgage, COVID-19 pandemic, creditworthiness

ABSTRACT

The study analyses the changes in financing the purchase of residential real estate based on a mortgage in Poland, caused by the outbreak of the COVID-19 pandemic in its initial stage, that is, the period from March to September 2020. The research problem is the impact of the pandemic on the process of granting and repaying loans for housing purposes. Banking institutions tightened the terms of granting financing. People who received financing earlier may, however, benefit from assistance in paying off the debt. The research hypothesis assumes the negative consequences of the COVID-19 pandemic for the consumers of the housing loan market in the analysed period. The research methods used are the analysis of statistical data and facts. The author looks at the situation on the real estate market and the situation on the housing loan market in 2020. The study then highlights the actions of lending banks and the actions of buyers in the first pandemic months.

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* University of Wroclaw, ORCID: 0000-0003-4672-0356, E-mail: agnieszka.sadowa@uw.edu.pl.

I. INTRODUCTION

The year 2020 was an extraordinary year for the world economy. The coronavirus pandemic (COVID-19) has had (and continues to have) a huge impact on the market, both in general and across categories. The situation seems to be threatening because it is more difficult than usual to predict its further development. It is worth noting that the crisis caused by the coronavirus pandemic, which the global economy is currently struggling with, is also extremely interesting. This is due to the fact that the problems affect both the demand and supply sides of the economy. Huge changes are noticeable, among others, in the labour market, capital market or the market of goods and services, which has further impact on the activity of business entities. In 2020, very much attention was paid to the situation on the real estate market. In recent years we have observed a steady upward trend. Today, experts, developers, investors and households deliberate about changes in real estate prices and the terms of financing the purchase of real estate based on external funds. The issue of financing the purchase of residential real estate seems to be particularly important as it concerns the widest group of buyers. To have *a roof over one's head* is one of the basic needs of every human being, which cannot be postponed. According to the report of the National Bank of Poland (NBP) from March 2020, 25% of the real estate acquired on the primary market is financed by external funds¹, although other reports indicate much higher values². In 2019, the Credit Reporting Service (Biuro Informacji Kredytowej [BIK]) reported that home loans accounted for 69% of the entire private credits and loans portfolio³.

The purpose of this article is to analyse the changes related to financing the purchase of residential real estate through a mortgage in Poland that were a result of the coronavirus pandemic in its initial stage, that is, the period from March to September 2020. The research problem is the impact of the pandemic on the process of granting and repaying loans for housing purposes. The research hypothesis assumes the negative consequences of the COVID-19 pandemic for the housing loan market in the analysed period. The research methods used are

¹ Report: *Informacja o cenach mieszkań i sytuacji na rynku nieruchomości mieszkaniowych i komercyjnych w Polsce w IV kwartale 2019 r.* [Information on flat prices and the situation on the residential and commercial real estate market in Poland in Q4 2019], NBP, 2020, p. 19.

² M. Kazimierski, *Mieszkania od deweloperów kupujemy za gotówkę. Kogo na to stać?* [We buy flats from developers for cash. Who can afford it?], <https://direct.money.pl/artykuly/porady/mieszkania-od-deweloperow-kupujemy-za-gotowke-kogo-na-to-stac.html> [accessed: 27.09.2020.].

³ Biuro Informacji Kredytowej (Credit Reporting Service), website: <https://media.bik.pl/informacje-prasowe/482368/bik-prognozy-na-rok-2020-i-podsumowanie-2019-r-na-rynku-kredytowo-pozyczkowym> [accessed: 5.10.2020.].

the analysis of statistical data and facts⁴. The article contains a short theoretical introduction to the subject of mortgage loans and an analysis of the situation on the residential real estate market in Poland in the analysed period. The major changes to loan granting and repayment conditions were then reviewed to finally be able to draw accurate conclusions about the impact of the COVID-19 pandemic on credit obligations.

II. MORTGAGE AS A SOURCE OF FINANCING OF RESIDENTIAL REAL ESTATES

The primary social function of housing is to meet the basic human needs, such as security. Lechowicz emphasises that “Housing is a field of socio-economic life, financed by social and private entities, banks, pension funds, insurance companies and others”⁵. A housing investment is highly capital intensive. Apartment acquirers make purchases with their own and external funds. In external financing, the most common is the use of bank loans and credits. Over the years the methods of financing on the real estate market have evolved; however, mortgage still remains its basic instrument, and thus influences the development of this market⁶.

Loans secured by a mortgage belong to the group of long-term loans⁷, where the repayment period is even several dozen years⁸. The collateral for mortgage loans is a so-called mortgage, established in favour of the lender (the bank)⁹. There are many criteria for the division of mortgage loans. Głównka lists the most important as follows¹⁰:

- a) type of loan currency,
- b) interest rate,

⁴ R. Milewski (ed.), *Podstawy ekonomii* [The Basics of Economics], Wydawnictwo Naukowe PWN, Warszawa 2002, p. 36.

⁵ T. Lechowicz, *Finansowanie nieruchomości mieszkaniowych w Polsce i w Wielkiej Brytanii*, [Financing of residential real estate in Poland and Great Britain], “Problemy Rozwoju Miast”, no. 4, 2010, p. 94.

⁶ G. Głównka, *Instrumenty finansowe a rynek mieszkaniowy* [Financial instruments and the housing market], „Problemy Rozwoju Miast”, no. 3, 2009, p. 11.

⁷ E. Kucharska-Stasiak, *Nieruchomość w gospodarce rynkowej* [Real Estate in market economy], Wydawnictwo Naukowe PWN, Warszawa 2008, p. 172.

⁸ Biuro Informacji Kredytowej (Credit Reporting Service), website: <https://www.bik.pl/poradnik-bik/rodzaje-kredytow> [accessed: 05.10.2020.].

⁹ *ibid.* [accessed: 05.10.2020.].

¹⁰ G. Głównka (ed.), *Nieruchomość, kredyt, hipoteka* [Real estate, loan, mortgage], Wydawnictwo Poltext, Warszawa 2009, p. 46.

- c) method of repayment and
- d) type of real estate market that is being financed.

Taking into account the criterion of the type of currency, in Poland, there are loans in PLN, foreign currency loans and loans denominated in a foreign currency exchange rate¹¹. Of course, loans in PLN have the largest share in the Polish market. The remaining ones may be cheaper, but the loan borrower is then burdened with currency risk.

Loans are divided according to the interest rate into those with fixed and variable interest rates. In the case of mortgage loans, in Q4 2019, fixed interest rates were offered only in three banks. It is worth noting that *fixed interest rate* does not mean that the interest rate will not change throughout the term of the loan. A fixed interest rate is valid for the first 5 years. After this period, it is possible to continue using the fixed rate or to pay off the loan with a variable interest rate¹².

Another criterion is the method of repayment of the loan, which distinguishes the possibility of repaying the loan in fixed and diminishing instalments¹³. Each loan instalment consists of two parts: principal (a fraction of the amount borrowed) and interest (payment to the bank for entrusting funds). In the initial loan period, the instalment is several percent lower than in the case of diminishing instalments for the same loan. This is due to the fact that in fixed (equal) instalments, the principal part is repaid more slowly. The diminishing instalment decreases with each consecutive payment. In this case, the principal part does not change over the entire loan period, and the interest part decreases, as the interest is calculated on the decreasing outstanding principal¹⁴.

The last division – according to the type of real estate market being the subject of crediting – divides banking products into three types. These are construction and mortgage loans, mortgage loans and second mortgages. The first loan is granted for the purpose of carrying out a construction investment. It consists of two phases: the first construction phase, a much shorter one, which usually ends with notice of construction completion, and then a longer mortgage phase. Mortgage loan is usually used for the purchase, finishing or renovation of

¹¹ *ibid.*, pp. 46-47.

¹² M. Kazimierski, *Oprocentowanie stałe czy zmienne?* [Fixed or variable interest?], <https://direct.money.pl/artykuly/porady/oprocentowanie-stale-czy-zmienne,94,0,1969758.html> [published: 22.11.2019, accessed: 05.10.2020.].

¹³ E. Kucharska-Stasiak, *Nieruchomość a rynek* [Real estate and the market], Wydawnictwo Naukowe PWN, Warszawa 2005, p. 236.

¹⁴ *Raty równe czy malejące – czym się różnią i które są bardziej opłacalne?* [Fixed or diminishing instalments – how do they differ and which is more profitable?], <https://www.morizon.pl/blog/raty-rowne-czy-malejace/> [published: 10.07.2018., accessed: 05.10.2020.].

a real estate. The third of these banking products is a second mortgage¹⁵. The essence of the second mortgage is that it can be used for any purpose. However, in order to reduce the bank's risk associated with granting a large loan amount, banks have introduced second mortgage to their offers, which are secured by an entry of the real estate belonging to the loan borrower in the land and mortgage register¹⁶.

III. STRUCTURE OF MORTGAGE CREDITS IN POLAND

A borrower applying for a mortgage credit must face the complex conditions of granting it¹⁷. Polish banks that grant mortgage credits operate on the basis of sources of national and European Union law and are also under the supervision of the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego [KNF]). One of the tools used by the KNF is recommendations. The KNF publishes guidelines that bank institutions should follow, also in order to reduce the risk of lending activities. In this respect, the following are particularly important for banks: Recommendation S, Recommendation T and Recommendation R¹⁸.

In the bank's operations, especially in times of crisis, it is important to assess the creditworthiness of a potential borrower. According to Art. 70 sec. 1. second sentence of the Banking Law¹⁹: "Creditworthiness is understood as the ability to repay the credit taken together with the interest within the time limits specified in the contract".

The borrower is obliged to return to the bank the total amount of the mortgage credit granted and the sum of the total cost of the credit. Before deciding to enter into a loan agreement with a bank that offers a mortgage, one should be aware of what the cost of the mortgage consists of. According to Art. 4. item 5. of the Mortgage Act and the supervision over mortgage brokers and agents, the total

¹⁵ G. Główna (ed.), *Nieruchomość, kredyt, hipoteka* [Real estate, loan, mortgage], op. cit. p. 50.

¹⁶ J. Leja, *Pożyczka hipoteczna czy kredyt hipoteczny – oto jest pytanie...* [Second mortgage or mortgage loan? – that is the question...], <https://www.totalmoney.pl/artykuly/7251,kredyty-hipoteczne,pozyczka-hipoteczna-czy-kredyt-hipoteczny---oto-jest-pytanie,1,1> [published: 15.04.2019., accessed: 05.10.2020.].

¹⁷ Biuro Informacji Kredytowej (Credit Reporting Service), website: <https://www.bik.pl/poradnik-bik/rodzaje-kredytow> [accessed 05.10.2020.].

¹⁸ Komisja Nadzoru Finansowego (Polish Financial Supervision Authority), website: https://www.knf.gov.pl/dla_rynku/regulacje_i_praktyka/rekomendacje_i_wytyczne/rekomendacje_dla_bankow?articleId=8522&p_id%3D18 [accessed: 04.10.2020.].

¹⁹ Ustawa z dnia 29 sierpnia 1997 r. - Prawo bankowe, Dz. U. 1997 Nr 140 poz. 939, art. 70 ust. 1. [Act of August 29th 1997 – Banking law, Journal of Law 1997, no. 140 item 939, art. 70 point 1.]

cost of the mortgage is²⁰: “all costs that the consumer is obliged to incur in connection with the mortgage contract, in particular:

- a) interest, fees, commissions, taxes and margins, if known to the lender,
- b) costs of additional services, in particular insurance, when incurring them is necessary to obtain a mortgage credit or to obtain it on the offered terms and conditions – with the exception of notary fees and court fees borne by the consumer.”

Lending activity is the main source of income for many banks, but at the same time carries a high risk of borrowers’ insolvency. The high risk is associated with a meticulous assessment of the ability to repay the contracted liability and high capital requirements towards customers (own contribution)²¹. The KNF, taking care of the stability of the credit market in 2013, introduced Recommendation S, which imposed an obligation on banks to enforce own contribution from potential borrowers. The limits set by the bank regarding the minimum own contribution should not contradict the provisions on the LtV (“LtV – an indicator which expresses the ratio of the value of credit exposure to the value of real estate”²²) contained in Recommendation S. The requirements of the KNF grew from year to year. In 2020, for newly concluded credit agreements, in the case of credit exposures secured on residential real estate, the value of the LtV ratio at the time of credit origination should not exceed the level of²³:

- a) 80% or
- b) 90% “if a part of the exposure that exceeds 80% LtV is properly insured, or the borrower has provided additional security in the form of funds blocked in a bank account or by a collateral on National Treasury or NBP (National Bank of Poland) debt securities denominated in PLN.”

²⁰ Ustawa z dnia 23 marca 2017 r. o kredycie hipotecznym oraz o nadzorze nad pośrednikami kredytu hipotecznego i agentami, Dz.U. 2017 poz. 819, art. 4. pkt. 5. [Act of March 23rd 2017 on mortgage loan and on supervision over mortgage brokers and agents, Journal of Law 2017, item 819, art. 4, item 5.].

²¹ M. Nowakowski, *Wpływ pandemii Covid-19 na zdolność kredytową oraz wymogi i ułatwienia wobec banków*, [The impact of the Covid-19 pandemic on creditworthiness as well as requirements and facilities for banks. A practical comment], Practical comment, LEX 2020, <https://sip.lex.pl/komentarze-i-publikacje/komentarze-praktyczne/wpływ-pandemii-covid-19-na-zdolnosc-kredytowa-oraz-470130798> [accessed: 06.10.2020.].

²² Rekomendacja S – dotycząca dobrych praktyk w zakresie zarządzania ekspozycjami kredytowymi zabezpieczonymi hipotecznie [Recommendation S – concerning good practices in the management of mortgage-secured loan exposures], KNF, Warszawa 2013, p. 9.

²³ *ibid.*, Rekomendacja S, pp. 31-32.

In uncertain economic conditions, when the risk of banks' lending activity increases, the costs of the credit change and the terms of granting it (e.g. regarding the minimum own contribution) may be further triggered.

IV. ASSESSMENT OF THE SITUATION IN THE HOUSING AND MORTGAGE LOANS MARKET

The situation on the residential real estate market in the second and third quarters of 2020 was assessed by housing construction, the results of the real estate development sector, demand, average transaction prices of flats and the housing availability index (Indeks Dostępności Mieszkaniowej [IDM]) M3.

In the period from April to June 2020 – compared to the corresponding period in 2019 – there was an increase in dwellings commissioned only by 0.70%, while the number of started construction projects and issued building permits decreased (by 23% and 13%, respectively). The data of the Central Statistical Office (Główny Urząd Statystyczny [GUS]) show a 24% increase in the number of flats completed in Q3 2020 compared to the previous quarter. The number of building permits issued (10.5%) and the number of started construction projects (42%) also increased. Compared to the third quarter of 2019, the increases are not so significant, and in the case of the number of building permits issued, a decrease of 6.87% was recorded. After the pessimistic results of the development sector in the second quarter, there was a quick rebound in the third quarter. A quarterly record for the number of newly built apartments was set, while in September 2020, the highest monthly number – 17,007 – of newly built apartments in the history of the Polish development market was achieved. These records indicate a very optimistic forecast for the development of the housing market among developers despite the uncertain epidemiological and economic situation^{24, 25}.

The GUS has not yet published data on the number of transactions concluded for the purchase of real estate in 2020. The author used other sources that may help in determining the demand for apartments for sale. Figure 1 shows the rate of „apartments for sale” queries directed to the Google search engine from the beginning of the year to 30 September 2020. A sharp drop in the number of queries is visible in March, when the first cases of virus infection were confirmed

²⁴ AMRON-SARFiN Report, *Ogólnopolski raport kredytach mieszkaniowych i cenach transakcyjnych nieruchomości* [Polish nationwide report on housing loans and real estate transaction prices], 2/2020, p. 17.

²⁵ AMRON-SARFiN Report, *Ogólnopolski raport kredytach mieszkaniowych i cenach transakcyjnych nieruchomości* [Polish nationwide report on housing loans and real estate transaction prices], 3/2020, p. 18.

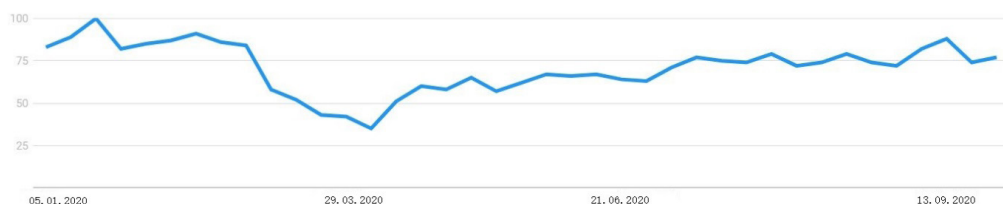


Figure 1: Indicator of “apartments for sale” queries directed to the Google search engine

Source: Google Trends, website: <https://trends.google.pl/trends/explore?q=mieszkania%20na%20sprzeda%C5%BC&geo=PL> [accessed: 10.10.2020.].

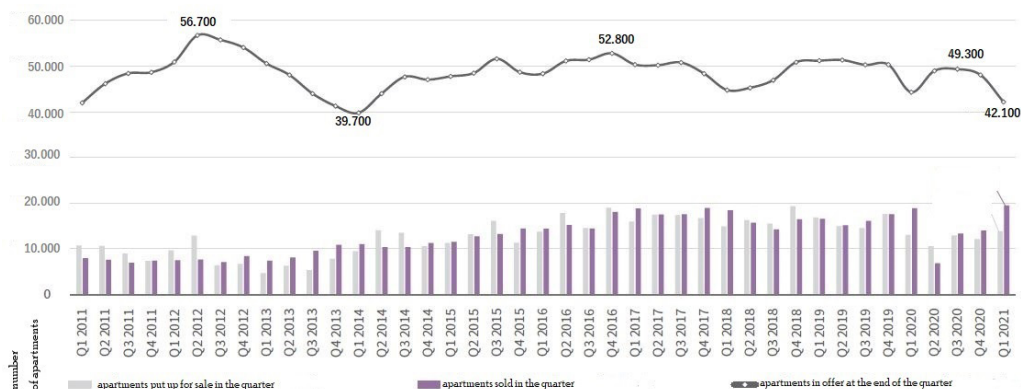


Figure 2: Quarterly relation of demand to supply – primary market

Source: JLL report, *Rynek mieszkaniowy w Polsce Q1 2021* [‘Residential market in Poland Q1 2021’], p. 5.

and the first restrictions were introduced. In the following months, interest in buying a flat grew steadily.

Figure 2 shows the demand for flats in the primary market and also indicates a decline in demand in the second quarter of 2020 and a lower demand in the next two quarters. The number of flats launched for sale in the second quarter was much lower than in the first quarter, and still significantly exceeded the demand, which has not happened recently. The decline in demand is also visible in the greater number of offers remaining for sale at the end of the quarter.

There is no doubt that the impact of the pandemic on the housing market is complex, and therefore, prices on both the primary and secondary markets have moved in different directions. In the second quarter, the asking prices of newly introduced apartments for sale on the primary market (RPO) continued to rise, while developers limited their supply, hoping to maintain the market price. Transaction prices on the primary market (RPT) began to fall, among others in

Table 1: Dynamics q / q m2 prices of apartments in the analysed cities in Q2 2020

	RPO	RPT	RWO	RWT
Gdańsk	-1.0%	-0.1%	-2.2%	2.4%
Gdynia	2.1%	-3.4%	-0.2%	0.5%
Kraków	5.7%	4.3%	1.6%	3.8%
Łódź	-1.5%	-2.7%	-0.6%	4.7%
Poznań	2.9%	0.2%	0.2%	3.3%
Wrocław	2.0%	-3.8%	-1.6%	2.5%
Warszawa	1.0%	-3.9%	-1.2%	0.2%
6 cities	2.2%	0.3%	-0.4%	3.5%
10 cities	3.6%	-1.2%	2.4%	4.5%

Source: Report: *Informacja o cenach mieszkań i sytuacji na rynku nieruchomości mieszkaniowych i komercyjnych w Polsce w II kwartale 2020 r.* [‘Information on flat prices and the situation on the residential and commercial real estate market in Poland in Q2 2020’], NBP, 2020, p. 1.

Warsaw. Interestingly, transaction prices of flats on the secondary market (RWT) grew in all groups of cities, although the growth rate slowed down²⁶ (Table 1).

The situation in the third quarter was as follows: the asking prices of newly introduced flats on the primary market (RPO) slowed down their growth, with a simultaneous increase in supply. Transaction prices in the primary market (RPT) grew in all groups of cities. In the secondary market, stabilisation of offer prices (RWO) and an increase in transaction prices were recorded (RWT)²⁷ (Table 2).

Demand dropped sharply, but it had little impact on the prices, thanks to lower supply by the developers.

In the cyclical AMRON-SARFiN report, we find a synthetic measure of housing availability in Poland – the Housing Accessibility Index. It shows the quarterly changes in the availability of housing for a sample family consisting of two working people and an older child. While in Q2 there was a noticeable slight increase in the index (compared to Q1 from 202.28 to 202.75), already in Q3, a (minimal) decrease in the availability of flats (compared to Q2) to the level of 202.27 was recorded. The reasons can be as follows:

- a slight increase in transaction prices in the segment of residential premises with a usable area of 45 m² to 55 m²;
- drop in interest rates on new housing loans;

²⁶ Report: *Informacja o cenach mieszkań i sytuacji na rynku nieruchomości mieszkaniowych i komercyjnych w Polsce w II kwartale 2020 r.* [Information on flat prices and the situation on the residential and commercial real estate market in Poland in Q2 2020], NBP, 2020, p. 1.

²⁷ Report: *Informacja o cenach mieszkań i sytuacji na rynku nieruchomości mieszkaniowych i komercyjnych w Polsce w III kwartale 2020 r.* [Information on flat prices and the situation on the residential and commercial real estate market in Poland in Q3 2020], NBP, 2020, p. 1.

Table 2: Dynamics q / q m2 prices of apartments in the analysed cities in Q3 2020

	RPO	RPT	RWO	RWT
Gdańsk	-1.7%	-3.3%	-0.7%	4.4%
Gdynia	1.4%	3.3%	1.4%	2.7%
Kraków	-2.8%	2.0%	-1.3%	0.5%
Łódź	3.4%	5.4%	0.6%	7.0%
Poznań	2.0%	0.3%	0.4%	2.4%
Wrocław	0.2%	0.9%	3.5%	-2.6%
Warszawa	0.2%	7.9%	1.7%	-3.0%
6 cities	0.2%	1.9%	0.4%	2.5%
10 cities	3.3%	2.7%	0.6%	0.2%

Source: Report: *Informacja o cenach mieszkań i sytuacji na rynku nieruchomości mieszkaniowych i komercyjnych w Polsce w III kwartale 2020 r.* [‘Information on flat prices and the situation on the residential and commercial real estate market in Poland in Q3 2020’], NBP, 2020, p. 1.

- c) an increase in the average gross family income by almost 3% compared to the previous quarter and
- d) a slight decrease in the level of the cost of living²⁸.

Before the pandemic, the banking sector was assessed as stable and in good condition. Here are just some of the factors that indicated it²⁹:

- a) the growth rate of loans to the non-financial sector close to the GDP growth rate;
- b) in 2015–2019, the share of housing loans with LtV above 80% decreased systematically (from approx. 52% to 24%) and
- c) the burden on borrowers with repayment of loan instalments did not increase due to the simultaneous increase in wages.

However, the risk related to lending had to be carefully monitored due to, for example, the growing value of newly concluded housing loans and the growing share of large-value consumer loans in new loans.

²⁸ AMRON-SARFiN report, *Ogólnopolski raport o kredytach mieszkaniowych i cenach transakcyjnych nieruchomości* [Polish nationwide report on housing loans and real estate transaction prices], 3/2020, p. 15.

²⁹ Report: *Raport o stabilności systemu finansowego. Wydanie specjalne: skutki pandemii COVID-19* [Financial Stability Report. Special issue: the effects of the COVID-19 pandemic], Departament Stabilności Finansowej [Financial Stability Department], Warszawa 2020, pp. 37-38.

The report on the stability of the financial system in Poland (from June 2020) contains some predictions about the impact of COVID-19 pandemic on the banking sector. Household lending is expected to slow down. In the case of housing loans, banks may be threatened by rising unemployment, especially among the self-employed, as this group may be more affected by the effects of the pandemic. The report also draws attention to the possible lower growth of deposits from the non-financial sector amidst the strong economic slowdown and rising unemployment, accelerating the pace of deterioration in the quality of loan portfolios and the cessation of servicing loan instalments. One of the positive factors influencing the liquidity position of banks may be the reduction of the required reserve rate by the Monetary Policy Council, which increases the funds at the banks' disposal and improves liquidity ratios³⁰.

In order to assess the situation on the credit market in Poland, the author used a report published by the Financial Stability Department of the NBP, addressed to the chairmen of credit committees, the purpose of which is to determine changes in lending policy and changes in demand for credit. The research was conducted at the beginning of July 2020, among 24 banks, and for the second quarter of 2020. In the given quarter, most banks tightened the requirements for granting housing loans, including two-thirds of respondents significantly. The credit spreads and spreads for higher-risk loans were raised, as well as the requirements for collateral and the borrower's own participation in the investment. The requirements for determining creditworthiness have been raised and the maximum amounts of credit that can be obtained have been reduced³¹.

In the opinion of the banks, the changes in lending policy were mainly influenced by the deteriorating forecasts for the country's economic situation (-92%) and the housing market (-67%). Other factors were also pointed out: the deterioration in the quality of the housing loan portfolio, the NBP's monetary policy decisions, or the increased risk of the spread of the pandemic. The chairmen of the committees emphasised that the process of economic defrosting influenced the easing of lending policy (Figure 3).

The respondents also commented on the reasons for the changes in demand for mortgage loans. The main reasons for the decline in demand in the given period were deterioration of the economic situation of households (-80%), the tightening of the standards of granting loans (83%), as well as the forecasts for the housing market, reductions in household consumption expenditure and the uncertainty resulting from the ongoing COVID-19 pandemic.

³⁰ *ibid.*, pp. 41-50.

³¹ Report: Sytuacja na rynku kredytowym - wyniki ankiety do przewodniczących komitetów kredytowych, III kwartał 2020 r. [Situation on the credit market - results of the survey to chairmen of credit committees, Q3 2020], Departament Stabilności Finansowej [Financial Stability Department], Warszawa, pp. 2-9.

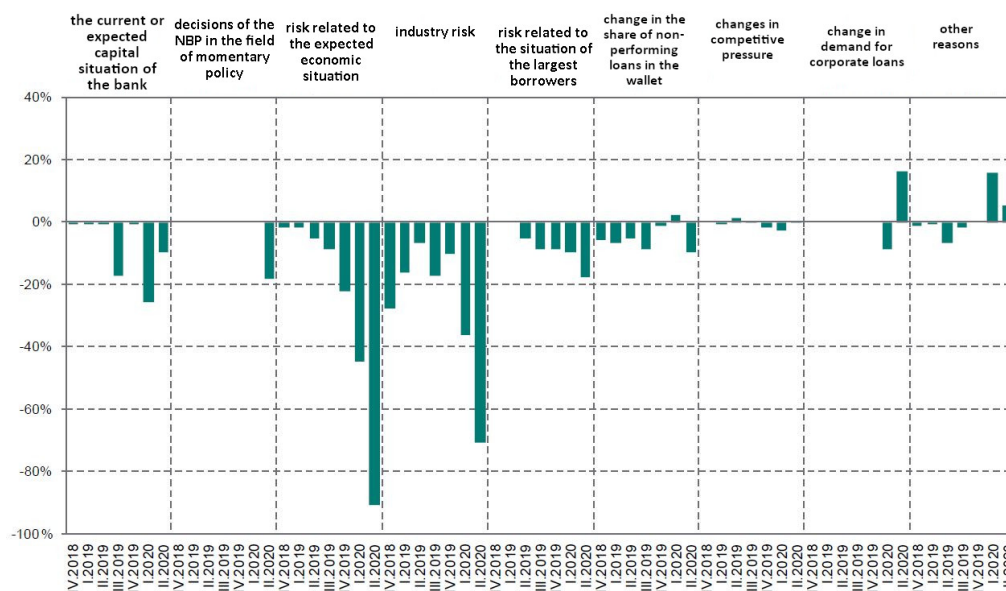


Figure 3: Reasons for changes in lending policy – home loans

Source: Report: Sytuacja na rynku kredytowym - wyniki ankiety do przewodniczących komitetów kredytowych, III kwartał 2020 r. [Situation on the credit market – results of the survey to chairmen of credit committees, Q3 2020], Departament Stabilności Finansowej [Financial Stability Department], p. 8.

Analysing the above data, it can be concluded that the residential real estate market has not been affected by the serious effects of the COVID-19 pandemic so far. In the initial stage of the pandemic, the demand for housing has fallen, but is rapidly starting to rise again. The decline in demand may be related to the economic situation of households, which feel insecure during the pandemic and postpone the decision to buy real estate, or the restrictions on access to institutions that issue documents necessary for real estate purchases. On the other hand, construction has not slowed down and property prices have moved slightly. The housing availability index has also remained stable. There are no worrying data on the banking sector, although the forecasts highlight the negative effects that may arise from the further deteriorating economic situation. In the first half of 2020, the chairmen of banking committees see deteriorating economic situation in the country as the primary reason for changes in the lending policy.

V. MORTGAGE CREDITS AND THE CORONAVIRUS

The beginning of 2020 did not herald negative changes on the financial market. The bankers forecasted an increase in lending activity. The good situation on the real estate market showed an increase in interest on the part of mortgage

borrowers. Unfortunately, the COVID-19 pandemic and the accompanying economic lockdown have significantly changed the expectations of banks and their customers.

The changes were rapid and concerned a large part of the economy, which resulted in a change in the up to now growing trend of the average weekly number of inquiries sent to BIK on the process of housing loans³². The Credit Reporting Service (BIK) publishes monthly statistics describing the demand for housing loans. The January reading of the index was (+24.5%), which means that in January 2020, per working day, banks and Credit and Savings Unions sent inquiries about housing loans to BIK for an amount that was higher by 24.5% compared to January 2019³³. The upward trend continued in February (+27.7%). However, when on 12 March 2020 the Polish government decided to introduce many restrictions in the fight against COVID-19, including restrictions on travel, the lending activity slowed down. In March, the index was (−3.1%), while in the next 2 months, much higher declines were noticeable (April −27.6%, May −24.2%). Only September showed a positive reading at the level of 5.4%. That month, 37.7 thousand customers applied for a housing loan and the average amount of the requested loan was 291.83 thousand PLN and was higher by 4.9% than in September 2019 (Figure 4).

An economic downturn often results in measures taken by relevant institutions to protect borrowers who are in a difficult financial situation and are unable to meet the originally agreed terms of repayment of their loan obligations. Researchers indicate that borrower protection can increase the demand for credit and can be beneficial to those who are having difficulty meeting their obligations. However, it should be remembered that this protection also reduces the supply of loans, which in turn leads to an increase in loan costs and its lower availability³⁴.

The interest rates, the level of which is set by the Monetary Policy Council (Rada Polityki Pieniężnej [RPP]), have an impact on the cost of a mortgage. Since the beginning of 2020, the interest rates have been reduced three times, by a total of 1.4 pp in the case of the prime reference rate. The NBP reference rate is currently 0.1%. This is the lowest level ever³⁵. In Poland, most mortgage loans are formed on a variable interest rate and are based on the interbank market

³² Biuro Informacji Kredytowej (Credit Reporting Service), website: <https://media.bik.pl/informacje-prasowe/511206/bik-popyt-na-kredyty-a-scenariusze-wyjscia-z-kryzysu-pandemicznego> [accessed: 03.09.2020.].

³³ Biuro Informacji Kredytowej (Credit Reporting Service), website: <https://media.bik.pl/informacje-prasowe/578007/bik-indeks-popytu-na-kredyty-mieszkaniowe-wyniosl-werzesniu-2020-r-5-4> [accessed: 07.10.2020.].

³⁴ P. Montebruno, O. Silva, N. Szumilo, *Judge Dread: court severity, repossession risk and demand in mortgage and housing markets*, Londyn 2021, s.3 and further.

³⁵ NBP (National Bank of Poland), website: https://www.nbp.pl/home.aspx?f=/dzienne/stopy_archiwum.htm [accessed: 10.10.2020.].

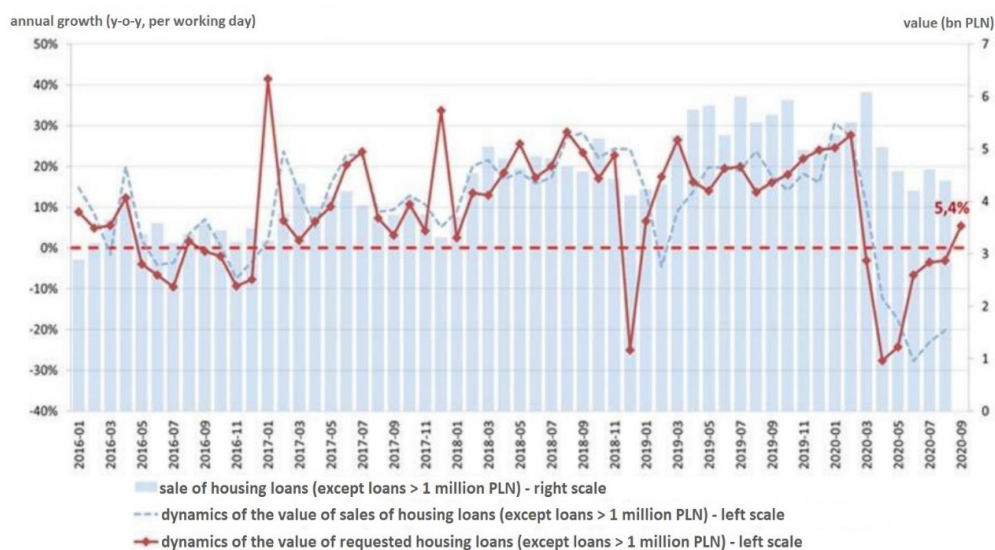


Figure 4: BIK index – the demand for housing loans

Source: BIK (Credit Reporting Service), media.bik.pl/informacje-prasowe/578007/bik-indeks-popytu-na-kredyty-mieszkaniowe-wyniosl-we-wrzesniu-2020-r-5-4 [accessed: 07.10.2020].

indicators (WIBOR). These ratios usually correspond to the rates set by the Monetary Policy Council. Even in March 2020, WIBOR 3M was about 1.7%, and as of 12 October 2020, it was already at the level of 0.22%. For people who pay off their mortgage loans in the Polish currency, lowering the interest rates means a decrease in the instalment amount by several percent, which in many cases may be even by several hundred PLN per month^{36,37}.

In response to the reduction of interest rates in Poland and the increase in risk related to lending, banking institutions increased their loan spreads. The AMRON-SARFiN report, based on bank offers, presents the average mortgage loan margin from April 2019 to June 2020, assuming a loan of PLN 300,000, granted for 25 years, where the LtV level was 75% (Figure 5). At the end of June, the average margin was 2.25%, that is, by 0.13 pp, compared to February 2020 (the last month before the pandemic). Comparing the corresponding month in 2019, the increase in the average margin, with the above assumptions, amounted

³⁶ Kisiel M., *Stopy procentowe bliskie zera. Co to oznacza dla klientów banków?* [Interest rates close to zero. What does this mean for bank customers?], <https://www.bankier.pl/wiadomosc/Stopy-procentowe-bliskie-zera-Co-to-oznacza-dla-klientow-bankow-7894320.html> [accessed: 10.10.2020.].

³⁷ Website: <https://www.bankier.pl/mieszkaniowe/stopy-procentowe/wibor> [accessed: 10.10.2020.].

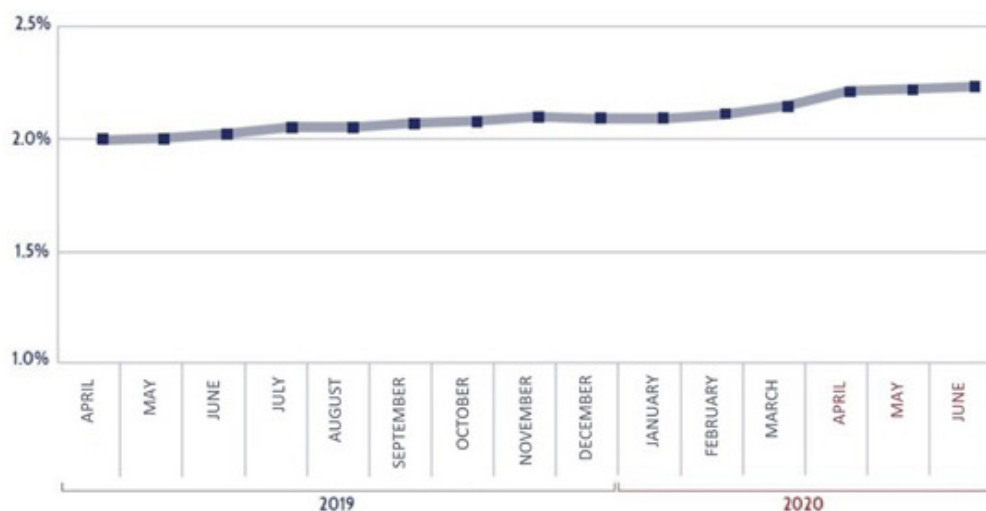


Figure 5: Average mortgage loan margin (%)

Source: AMRON-SARFiN report, *Ogólnopolski raport kredytach mieszkaniowych i cenach transakcyjnych nieruchomości* [Polish nationwide report on housing loans and property transaction prices], 2/2020, p. 16.

to 0.22 pp³⁸. It is worth noting that the margin is an interest component that can be negotiated³⁹.

In order to capture changes in the amount and structure of total loan costs, the author compared the mortgage loan offers that were available to Citi Handlowy bank customers in February, April and September of 2020. The conclusions were based on the simulations of mortgage loan offers prepared and published by Sebastian Bilski, an expert in the field of finance, and Marcin Iwuć, an economist and experienced publicist in the field of capital markets and personal finance^{40, 41}. Citi Handlowy bank was chosen by the author of this article because it belongs to the banks offering the cheapest mortgage loans in the period from February to September according to the simulation used. The list of loan offers was prepared with the following assumptions⁴²:

³⁸ AMRON-SARFiN Report, *Ogólnopolski raport kredytach mieszkaniowych i cenach transakcyjnych nieruchomości* [Polish nationwide report on housing loans and real estate transaction prices], 2/2020, p. 16.

³⁹ Marszałek D., *Co to jest marża przy kredycie hipotecznym?* [What is a margin on a mortgage loan?], <https://direct.money.pl/artykuly/porady/co-to-jest-marza.html> [accessed: 11.10.2020.].

⁴⁰ Website: <https://marciniwuc.com/o-mnie/> [accessed: 09.10.2020.].

⁴¹ Website: <https://www.hipotekadirect.pl/blog/sebastianbilski/p/1> [accessed: 09.10.2020.].

⁴² *The comparison of offers is for illustration purposes only. The following assumptions are necessary to compare loan offers and get acquainted with the elements that make up the cost of the loan. However, it should be remembered that each case is different and must be*

- a) loan amount: PLN 300,000,
- b) collateral value: PLN 375,000,
- c) own contribution: 20%,
- d) loan term: 30 years,
- e) type of instalments: equal,
- f) currency: PLN and
- g) profile of borrowers: a joint loan – two people living in a large city in Poland.

The list below (Table 3.) shows that the Citi Handlowy bank increased the margins in the September offer, but the actual loan interest, on comparing the months February and September, dropped by 1.34 pp, which resulted in a reduction of the total cost of the loan by as much as 73.5 thousand PLN

When talking about changes in financing of the purchase of residential real estate, it is also worth paying attention to the issues presented below.

The Polish Financial Supervision Authority (KNF) has not issued new recommendations on the amount of own contribution that Polish banks and Credit and Savings Unions should require from their customers applying for mortgage loans. However, lending institutions have independently decided to increase these requirements in order to reduce the credit risk. Table 4 presents the amount of own contribution applicable in selected banks before the COVID-19 pandemic










Table 3: Comparison of mortgage loans offers

	Month		
	February	April	September
Simulation name	Citi Handlowy Housing Loan for the Priority segment Margin 1.74	Citi Handlowy Housing Loan for the Priority segment Margin 1.74	Citi Handlowy Housing Loan for the Priority segment Margin 1.89
Monthly costs (from the second month)	1357 PLN	1268 PLN	1153 PLN
Total cost of the loan	192.198 PLN	160.137 PLN	118.704 PLN
Real interest	3.8%	3.23%	2.46%
Bank margin	1.74%	1.74%	1.89%
Reference rate	1.71%	1.17%	0.28%

Source: Author's own analysis based on *Ranking kredytów hipotecznych* ['Mortgage loan ranking'] <https://marciniwuc.com/ranking-kredytow-hipotecznych/> [accessed 9.10.2020.].

considered individually. Not everyone meets the conditions to take advantage of the offers presented.

Table 4: Own contribution in February, June and September

Bank name	Own contribution (%)		
	February 2020	June 2020	September 2020
Alior Bank	10%	10%	10%
BNP Paribas	20%	20%	20%
BOŚ Bank	20%	 30%	30%
Credit Agricole	10%	10%	10%
ING Bank Śląski	20%	 30%	 20%
mBank	10%	 20%	 10%
Bank Millennium	10%	10%	10%
Pekao Bank Hipoteczny	10%	 20%	20%
Pekao SA	10%	 15%	15%
PKO BP	10%	 20%	20%
Bank Pocztowy	20%	20%	20%
Santander	10%	 20%	10% (bank customers)/20% (external)

Source: Author's own analysis based on: Serafin A., *Jak obliczyć wkład własny 2020? Wymagania banków przy kredycie hipotecznym* ['How to calculate the own contribution in 2020? Bank requirements for a mortgage loan'], <https://direct.money.pl/artykuly/porady/jak-obliczyc-wklad-wlasny-2020-wymagania-bankow-przy-kredycie-hipotecznym.html> [accessed 11.10.2020.] and Marszałek D., *Kredyt hipoteczny a koronawirus - czy banki zmieniają procedury i zaostrzą kryteria udzielania kredytów?* ['Mortgage loan and the coronavirus – will banks change procedures and tighten credit standards'], <https://www.totalmoney.pl/artykuly/kredyt-hipoteczny-a-koronawirus-czy-banki-zmienia-procedury-i-zaostrza-kryteria-udzielania-kredytow> [accessed 11.10.2020.].

and in June and September. It should be remembered that when taking a loan with own contribution lower than 20%, additional security is required, for example, purchase of an additional low own contribution insurance⁴³.

Due to the coronavirus pandemic and its consequences, 7/12 banks presented in the list decided to introduce changes (tightening) in the thresholds of own contribution in 2020. At the beginning of the year, BOŚ Bank allowed collateral in the amount of 20%, and now it requires 30%. The situation was similar at ING Bank Śląski, but in mid-September, the bank decided to reduce own contribution

⁴³ *Czym jest ubezpieczenie niskiego wkładu własnego?* [What is the low own contribution insurance?], <https://finanse.rankomat.pl/poradniki/ubezpieczenie-niskiego-wkladu-wlasnego/> [accessed: 11.10.2020.].

Table 5: The structure of the LtV ratio for newly granted loans

LtV ratio (%)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Up to 30%	14.63%	14.94%	15.67%	16.51%	15.11%
Between 30% and 50%	6.16%	6.25%	6.05%	5.95%	7.37%
Between 50% and 80%	36.93%	35.93%	36.25%	36.47%	38.91%
From 80%	43.09%	42.88%	42.03%	41.07%	38.61%

Source: AMRON-SARFiN report, *Ogólnopolski raport o kredytach mieszkaniowych i cenach transakcyjnych nieruchomości* [‘Polish nationwide report on housing loans and real estate transaction prices’], 2/2020, p. 12.

to the amount from before the pandemic, that is, 20%. Own contribution at mBank in September again returned to a low level of 10%^{44, 45}.

In its publication, AMRON presents quarterly data on the structure of the LtV ratio for newly granted housing loans (Table 5).

The percentage of loans with the LtV ratio from 80% has been systematically declining, but in Q2 2020, compared to the previous quarter, this decrease was the highest (by 2.46 pp) and amounted to 38.61%. This is largely due to the tightening of the minimum own contribution requirements by several large banks⁴⁶.

The SARS-CoV-2 coronavirus pandemic has shaken the financial liquidity of some groups of borrowers. The closure of the economy had its immediate repercussions. Poles lost their livelihoods. Employees sensitive to the restrictions introduced in industries were dismissed or took unpaid leaves. In addition, investors who rented flats for students were losing tenants, and restaurateurs, hairdressers, hoteliers and gym owners recorded losses, unable to run their businesses normally. Due to this situation, many of them do not have sufficient funds to pay their loan instalments in accordance with the agreed repayment schedule.

⁴⁴ Serafin A., *Jak obliczyć wkład własny 2020? Wymagania banków przy kredycie hipotecznym* [How to calculate the own contribution in 2020? Bank requirements for a mortgage loan], <https://direct.money.pl/artykuly/porady/jak-obliczyc-wklad-wlasny-2020-wymagania-bankow-przy-kredycie-hipotecznym.html> [accessed: 11.10.2020.].

⁴⁵ Marszałek D., *Kredyt hipoteczny a koronawirus - czy banki zmieniają procedury i zaostrzają kryteria udzielania kredytów?* [Mortgage loan and the coronavirus – will banks change procedures and tighten credit standards], <https://www.totalmoney.pl/artykuly/kredyt-hipoteczny-a-koronawirus-czy-banki-zmienia-procedury-i-zaostrza-kryteria-udzielania-kredytow> [accessed: 11.10.2020.].

⁴⁶ AMRON-SARFiN report, *Ogólnopolski raport o kredytach mieszkaniowych i cenach transakcyjnych nieruchomości* [Polish nationwide report on housing loans and real estate transaction prices], 2/2020, p. 12.

On 2 April 2020, the European Banking Authority published the “Guidelines on statutory and non-statutory loan repayment moratoria to address the COVID-19 crisis”⁴⁷. The document indicates the criteria that must be met by moratoria granted by banks before 30 June 2020. The content states that the existing difficulties must be identified by banks as short-term, but which may turn into problems with insolvency. It also specified that the granted moratoria should not be classified as forbearance or difficult restructuring.

On 16 March 2020, the Polish Banking Association (Związek Banków Polskich [ZBP]) issued a statement on the assistance measures taken by banks in connection with the COVID-19 coronavirus pandemic. The support plan assumes, among others, the possibility of a 3-month deferment of principal and interest instalments or principal instalments in case of housing loans, that is, repayment holidays (non-statutory). Banks declare that the applications of those customers who justify the need to suspend loan repayments with their financial situation caused by the COVID-19 pandemic will be processed at a rapid pace and without additional fees being collected⁴⁸. However, Polish banks have not developed a uniform standard of credit moratoria, which means that borrowers face various conditions of suspension of repayment, which disturbs the principle of equal treatment of clients on the financial market⁴⁹ and is repeatedly reported to the Financial Ombudsman. Banks included in the Polish Bank Association immediately released their messages in which they informed clients about the new rules of support. For example, from the 20th of March, Deutsche Bank Polska enables individual customers who repay home loans, consolidation loans and consumer loans secured with a mortgage a one-time reprieve of repayments (principal and interest) of loans for a period of 3 months⁵⁰. Also BIK commented on the above matter⁵¹: “The fact of using credit holidays by the customer, will not

⁴⁷ The website of the Rzecznik Finansowy [Financial Ombudsman], website: <https://rf.gov.pl/wakacje-kredytowe-podsumowanie-problematyki-i-dzialan-podjetych-przez-rzecznika-finansowego/> [accessed 25.05.2021.].

⁴⁸ Związek Banków Polskich (Polish Banking Association), website: <https://www.zbp.pl/Aktualnosci/Wydarzenia/Komunikat-ZBP-w-sprawie-dzialan-pomocowych-podejmowanych-przez-banki> [accessed: 09.09.2020.].

⁴⁹ Report: Raport o stabilności systemu finansowego. Wydanie specjalne: skutki pandemii COVID-19 [Financial Stability Report. Special issue: the effects of the COVID-19 pandemic], opt. cit., p. 44.

⁵⁰ Bocheński K., *Banki reagują na koronawirusa. Nowa lista zmian m.in. w Millennium, Spółdzielczej Grupie Bankowej czy Getin Noble Bank* [Banks are responding to the coronavirus. New list of changes, among others, in Millennium, Spółdzielcza Grupa Bankowa, and Getin Noble Bank], <https://www.forbes.pl/finanse/mbank-pekao-alior-bank-millennium-bps-spoldzielcza-grupa-bankowa-a-koronawirus-zmiany/8y86jtf> [accessed: 09.09.2020.].

⁵¹ Biuro Informacji Kredytowej (Credit Reporting Service), website: <https://media.bik.pl/informacje-prasowe/494169/komunikat-bik-uwzglednianie-w-bazie-bik-odroczenia-zawieszenia-splaty-rat-oferowanych-przez-banki-w-zwiazku-z-pandemia-koronawirusa-covid-19> [accessed: 09.09.2020.].

have a negative impact on the customer's credit history at BIK, nor will it reduce the BIK Scoring.”

The data reported to BIK, that is, as of 25 May 2020, shows that individual customers obtained deferred instalments due to PLN 137,000 of housing loans, which is 19% of all deferred loan instalments (i.e. loans and advances granted to individual clients and micro-entrepreneurs). In turn, housing loans in terms of value constitute 67% of all deferred loans⁵².

Later, from June 2020, it was possible to suspend the performance of the loan agreement as part of the anti-crisis shield 4.0 (tarcza antykryzysowa 4.0). These are the so-called “Statutory credit holidays.” This solution gives consumers the right to suspend the repayment of one loan for a maximum period of 3 months, without charging interest or other fees. It can be used by a person who has lost their job or other main source of income as a result of the pandemic⁵³.

Another thing that is worth paying attention to when applying for a mortgage in times of the pandemic is the income acceptance criteria for potential borrowers. These criteria have been clearly tightened. People employed under an employment contract for an indefinite term have the best chance of getting a mortgage. The base of remuneration is entirely acceptable; however, variable remuneration – bonuses, commissions, overtime – may not be allowed to determine the income. In May, persons employed for a specified period of time had real chances of obtaining financing in two to three banks. The number of banks which allowed to obtain income from mandate contracts and contracts for specific task was similar. In addition, these people had to earn income for at least 12 months, preferably from a regular contractor who makes monthly payments of remuneration to a bank account. It is most difficult for sole proprietors to obtain a mortgage⁵⁴. Moreover, BIK experts point out that micro-entrepreneurs operating in industries where the provision of the service requires direct contact with the client, that is, gastronomy, hotel industry, tourism, transport, airlines, event and sports industry,

⁵² Biuro Informacji Kredytowej (Credit Reporting Service), website: <https://media.bik.pl/informacje-prasowe/518015/bik-raportuje-strukture-zawieszenia-odroczenia-splaty-rat-kredytowych> [accessed: 09.09.2020.].

⁵³ Ustawa z dnia 19 czerwca 2020 r. o dopłatach do oprocentowania kredytów bankowych udzielanych przedsiębiorcom dotkniętym skutkami COVID-19 oraz o uproszczonym postępowaniu o zatwierdzenie układu w związku z wystąpieniem COVID-19, Dz.U. 2020 poz. 1086, art. 31fa-31fc. [Act of June 19th 2020 on interest subsidies for bank loans granted to entrepreneurs affected by the effects of COVID-19 and on simplified proceedings for approval of an arrangement in connection with the occurrence of COVID-19, Journal of Laws 2020, item 1086, art. 31FA-31fc.].

⁵⁴ *Koronawirus a kredyt hipoteczny*, [Coronavirus and the mortgage loan], <https://blogkredytowy.pl/koronawirus-a-kredyt-hipoteczny> [accessed: 09.09.2020.].

fitness clubs, hairdressing and beauty services industry, have difficult access to incurring loan obligations⁵⁵.

In times of pandemic reality, banks are very scrupulous in analysing the creditworthiness of their clients. This has an impact on the length of the examination of loan applications, especially for mortgage loans. The standard time for issuing a credit decision is from 2 to 6 weeks. In mid-2020, future borrowers waited for approx. 3–4 months from the moment of submitting the first loan application to finalise their mortgage loan. Customers signing preliminary real estate purchase agreements must set the dates of the final agreement, taking into account the longer waiting time for the bank's decision on granting the loan⁵⁶. Credit expert Sebastian Bilski in an interview on the 1 October 2020 lists the groups of banks with the longest and the shortest application processing time, explaining what the differences result from. The expert considers Millennium Bank's offer to be among the banks with the longest processing time. In September, in the bank's official communication, this time was 46 working days, and in October, it was reduced to 34 days. Such a long waiting time results from the large number of examined loan applications because the bank, as one of the few, finances as much as 90% of the real estate value and offers a zero commission for granting the loan. BNP Paribas has been for a similar long time, which now also declares its reduction. On the other hand, the adviser includes ING Bank Śląski to the group of banks with the shortest processing time, where in September decisions were made after a few days. However, he also emphasises that the bank has liberalised the requirements for own contribution and introduced a price promotion; therefore, an increase in the number of applications should be expected, and thus the process of their examination will be extended. PKO BP also has an efficient lending process⁵⁷.

Polish banks have introduced new procedures allowing for remote customer service. They made it possible to deal with many matters related to applying for a mortgage online. ING Bank Śląski provides, among others, the ability to fill in an electronic form regarding the selected loan offer and submit an online mortgage

⁵⁵ Krzyżaniak B., *Będzie trudniej o kredyt i pożyczkę. Lista zawodów na cenzurowanym* [It will be harder to get a credit and a loan. A list of professions on the hook], <https://www.forbes.pl/finanse/wpływ-covid-19-na-rynek-kredytow-i-pożyczek-w-2020-r/xwbvw88> [accessed: 09.09.2020.].

⁵⁶ Marszałek D., *Kredyt hipoteczny a koronawirus - czy banki zmieniają procedury i zaostrzą kryteria udzielania kredytów?* [Mortgage loan and the coronavirus – will banks change procedures and tighten credit standards], op. cit. [accessed: 09.10.2020.].

⁵⁷ Website: <https://marciniwuc.com/ranking-kredytow-hipotecznych/> [accessed: 09.10.2020.].

application^{58,59}. Despite this, it is not possible to apply for a mortgage loan without visiting a bank branch. Providing the required original documents and signing the loan agreement require direct contact with an employee of the banking institution.

To sum up the above issues, it can be said that since March 2020, a mortgage loan has been granted with safety restrictions that previously were not an obstacle for many people who wanted to receive financing for the purchase (construction) of an apartment or house, and lowering the interest rates at the present time reduces the amount of monthly loan instalment.

VI. SUMMARY AND CONCLUSIONS

The outbreak of the coronavirus pandemic has triggered major changes in the mortgage market. While the housing market has not deteriorated significantly in most respects, negative effects could be noticed in the first months of the pandemic. Banks in the first half of 2020 were granting loans more conservatively, paying attention to the possible deterioration of the financial situation of their borrowers due to the worsening economic situation of the country. In pre-pandemic conditions, a person who would successfully apply for a mortgage might not be able to incur a loan obligation in the initial stage of a pandemic, for example, due to increasing the minimum required own contribution or working in an industry that is adversely affected by the pandemic⁶⁰. This is confirmed by BIK data, which showed a decrease in the number of new loan applications compared to the same period in 2019. In addition, the waiting time for a bank's decision has significantly increased. In order to make it easier for borrowers to repay their loan debts, the Monetary Policy Council reduced the interest rates to a record level. Simulations of mortgage offers show that in the current situation, the total cost of the loan is lower than at the beginning of 2020. Another form of assistance available to borrowers is the possibility of using a 3-month reprieve (suspension) of the repayment of the loan instalments used by the borrowers. The increased risk of lending activity and the expected increase in the demand for flats, and thus mortgage loans, resulted in an increase in banks' margins.

⁵⁸ Marszałek D., *Kredyt hipoteczny a koronawirus czy banki zmieniają procedury i zaostrzają kryteria udzielania kredytów?* [Mortgage loan and the coronavirus – will banks change procedures and tighten credit standards], op. cit. [accessed: 09.10.2020.].

⁵⁹ Website: <https://www.ing.pl/indywidualni/kredyty-i-pozyczki/kredyt-hipoteczny> [accessed: 05.10.2020.].

⁶⁰ Marszałek D., *Kredyt hipoteczny a koronawirus - czy banki zmieniają procedury i zaostrzają kryteria udzielania kredytów?* [Mortgage loan and the coronavirus – will banks change procedures and tighten credit standards], op. cit. [accessed: 09.10.2020.].

Table 6: Summary of negative and positive effects of the COVID-19 pandemic for borrowers

No.	Positive effects	Negative effects
1.	Limiting consumer spending of households	Uncertainty – difficulties in forecasting
2.	Stable prices of residential real store	Fall in supply of housing
3.	Stable level of the Housing Accessibility Index	Deterioration in the economic situation of households
4.	Decline in demand for housing (less competition, grater negotiation opportunities on the market)	Tightening the criteria for granting loans by banks (including in terms of own contribution, margin, maximum possible loan amount, exclusion from financing of industries particularly exposed to insolvency)
5.	Easing the lending policy (drop in interest rates, statutory and non-statutory credit holidays)	Extended waiting time for the funding decision
6.	Lowering total credit costs for new loans	There are no uniform credit moratoria standards for all banks
7.	Improving remote customer service	

Source: own work.

The research hypothesis pointed to the negative consequences of the COVID-19 pandemic for the borrowers of the housing loan market in the analysed period. In order to fully verify the hypothesis, the author has compiled the positive and negative effects collected in the article in Table 6.

Although it might seem that current and potential home loan holders may benefit from the effects of the COVID-19 pandemic, which also positively affects the mortgage market, the author is not able to clearly reject the hypothesis of the negative effects of the pandemic for borrowers in the period from March until September 2020. The strength of the presented positive and negative effects is not fully comparable. The aim of the study was achieved, but the analysis concerned a short and difficult period. The work is an introduction to further research in which it will be possible to assess the situation on the mortgage market from a longer perspective.

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