

ABILITY TO GENERATE FINANCIAL SAVINGS BY HOUSEHOLDS IN POLAND

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Abstract. *Economic decisions of households are determined by current and prospective financial situation, above all, the level of income generated. Economic decisions regarding the collection of financial savings and investing them in financial instruments have been determined by the changing market environment, including the situation on the labor markets, products and services and offer financial institutions. The ability to generate savings increases when the purchasing power of income increases. Recent years have seen an increase in the surplus revenue in relation to expenditures, which enabled families to farm-leading speech-saving increase in the scale of financial surpluses. In recent years, the global-NYM financial crisis in 2008, economic conditions in the global and domestic economy's Started to gradually improve. In the same period, the income situation of households in Poland also began to improve what was also a determinant of propensity to save and invest surplus financial instruments held for investment offered by financial institutions.*

Keywords: *financial surpluses, savings, savings, financial surpluses, financial situation, economic and financial situation, family, household, income, consumption, household finances, society, economic policy, financial investment instruments.*

1. Introduction

It is generally accepted that in developed economies, households are mainly active in the sphere of consumption. When meeting the needs and making economic decisions, family members¹ as consumers pay attention to such determinants as income, product and service prices, the impact of advertising campaigns, current fashion trends and recommendations from other consumers. All these market and social factors in a long-term perspective may be subject to changing trends determined by the cyclical nature of the global and domestic economy conducted through economic

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¹ F. Adamski, *Rodzina. Wymiar społeczno-kulturowy (A socio-cultural dimension)*, Publishing House of the Jagiellonian University, Warsaw 2002, p. 37.

policy and may be modified by the processes of economic globalization². Households seek to maximize their satisfaction with specific, limited income. Economic decision-making influences the financial situation of households and is determined by the financial situation of families and citizens, who contribute to these families³.

These economic aspects of household consumption decisions, consumption and saving of current financial surpluses are multicriterially linked and correlated. Financial savings arise when, after covering the costs of running a household and satisfying the basic needs of the family, the surplus remain⁴. The ability to generate savings increases when the purchasing power of income increases. At the same time, the possibilities of spending, increasing consumption, and thus satisfying the needs of others, may be increased in parallel, usually from the group of needs classified to “higher” according to the concept of the Maslow Pyramid. The aggregate result of these decisions is also analyzed macroeconomically by referring income, consumption and savings to GDP.

Households make various economic decisions regarding the broadly defined family sphere, but also budgetary decisions regarding spending money to meet needs, i.e. consumer goals for choosing, purchasing products and services, how to use them, and choosing the form of investing in saved surpluses. However, data from the Central Statistical Office show that the structure of family expenditures in Poland implies very little possibility in generating financial savings. According to aggregated CSO data, over half of the income of citizens in Poland in 2013 was spent on household maintenance (including energy charges 20.8%), including food and non-alcoholic beverages (24.9%) and transport costs (9.6%). As a result, statistics in Poland on saving surplus were not presented the best few years ago.

The economic decisions made are determined by the current and prospective financial and material situation of households. The results of the decisions are influenced by various social, economic, financial, cultural and other factors. The socio-economic environment in which households

² D. Prokopowicz, *The importance of economic globalization in the context of the development of the financial system in Poland* (in:) “International Journal of New Economics and Social Sciences”, ZN, no 2(4) 2016, pp. 8-9.

³ A. Durasiewicz, *Efektywność polskiej polityki rodzinnej na tle niektórych krajów UE (The efficiency of the Polish family policy on the background of some EU countries)*, Radom University of technology and PTPS publishing, Radom 2011, p. 31.

⁴ A. Dmowski, D. Prokopowicz, J. Sarnowski, *Finanse i bankowość. Teoria i praktyka (Finance and banking. Theory and practice)*, The Publisher Center counseling and Information Difin SP. z o.o., Warsaw 2008, p. 37.

operate may change, which may modify the outcome of economic decisions. Significant changes in this area can be observed when analyzing the functioning of households in Poland since the beginning of socio-economic transformations, which were initiated by the systemic transformation of the domestic economy in 1989⁵. Due to the transitional processes at the time, the first decade of socio-economic transformation is now considered a transitional period in which reconstruction and stabilization of the market economy were realized. At that time, socio-economic policy was correlated with the process of globalization⁶ of the Polish economy and with the planned adjustment actions of normative regulations, organization, functioning of economic entities and market structures to the standards of the European Union⁷. The processes of socioeconomic change that took place at that time and what followed in subsequent years significantly modified certain patterns and preferences of households to accumulate surpluses and place them in specific financial instruments.

The economic decisions made regarding the financial surpluses in the financial system were determined by the changing market environment, including the situation on the labor markets, products and services and financial institutions' offers⁸. These decisions are increasingly determined by issues such as the level of profitability and the profitability of financial instruments in which savings are made. Significant factor influencing the development of new patterns of behavior in the area of housing savings was the accession of Poland to the economic structures of the European Union in 2004⁹. This was due to the modification and extension of the

⁵ A. Giza, M. Sikorska, *Współczesne społeczeństwo polskie (Contemporary Polish society)*, Polish Scientific Publishers PWN, Warsaw, Poland 2013, p. 52.

⁶ D. Prokopowicz, *Globalizacja, współpraca międzynarodowa i handel zagraniczny. Sięgając w przeszłość (Globalization, international cooperation and foreign trade. Reaching into the past)* (in:) "Enterprise of the future". Quarterly journal of the higher school of management and Law. Licentiate. Warsaw, No 1(10) 2012, January 2012, IV, p. 37-38.

⁷ D. Prokopowicz, *Na tle struktur rynkowych Unii Europejskiej (On the background of the market structures of the European Union)* (in:) "Enterprise of the future". Quarterly journal of the higher school of management and Law. Licentiate. Warsaw, No 2(11) 2012, April 2012, IV, p. 26.

⁸ C. Bywalec, *Ekonomika i finanse gospodarstw domowych (Economics and finance households)*, Polish Scientific Publishers PWN, Warsaw, 2012, p. 97.

⁹ S. Gwoździewicz, D. Prokopowicz, *Globalization and the process of the system and normative adaptation of the financial system in Poland to the European Union standards* (w:) *Globalization, the State and the Individual*, "International Scientific Journal", Free University of Varna "Chernorizets Hrabar", Chayka, Varna, Bułgaria 9007, Varna 2016, no 1(9) 2016, p. 65.

offer of financial investment instruments offered by investment funds and capital market brokerage houses. Another significant determinant of economic decision-making was the significant changes measured by GDP growth rate of the country's economy and particularly significant changes in the value of this measure recorded in the years 2008, compared with a few years after the global financial crisis¹⁰.

It is interesting to note the possibility of saving savings in Poland against the background of the European Union average. According to research conducted by the Kronenberg Foundation and analysts of BGŻOptima in the mid-2014 report "Economical Pole", more than 50% of citizens are spending their entire budget versus only 7-10 per cent of a society that systematically saves¹¹. In addition, these studies have confirmed the fact that citizens in Poland use analogous products offered by financial institutions, but their availability and prices on the basis of their income are much more unfavorable for the Poles' statistical portfolio compared to the situation in the European Union, and the more so in comparison with the developed countries of Western Europe¹².

In view of the above, the possibility of putting off financial surpluses in the form of short-term savings or retirement savings¹³ correlates with the level of income earned. Usually, the level of real income generates the most incentive for regular savings. On the other hand, in terms of the level

¹⁰ S. Gwoździwicz, D. Prokopowicz, *The role and application of Keynesian macro-economic anti-crisis theories in the context of development of the financial system in Poland* (w:) *Globalization, the State and the Individual*, "International Scientific Journal", Free University of Varna "Chernorizets Hrabar", Chayka, Bułgaria, Varna 2015, no 3(7) 2015, p. 49.

¹¹ K. Rzyman, H. Lichočka, M. Byrska, *Oszczędności Polaków: mało odkładamy, ale wydawanie idzie nam bardzo sprawnie* (*Savings: a little aside, but the issue goes very smoothly*) (in:) Internet portal "Polish Radio", on the base. The report "Pole frugal" developed by the Foundation for Kronenberg and BGŻOptima, 23.07.2014, (www.polskieradio.pl/42/3306/Artykul/1184955, *Oszczednosci-Polakow-malo-odkladamy-ale-wydawanie-idzie-nam-bardzo-sprawnie*).

¹² B. Domańska-Szaruga, *Wybrane aspekty wykluczenia kredytowego w świetle założeń zrównoważonego rozwoju* (*Selected aspects of credit exclusion in the light of the objectives of sustainable development*) (in:) T. Borys, P. Rogala (red.), *Sustainable development organization-social aspects*, Publishing House of the University of Economics, Wrocław 2015, pp. 94-95.

¹³ D. Prokopowicz, *Demographic, Social And Economic Determinants Of The Pension Reform Payment Plan Of The Pension System Based On Transfer Of Capital From OPF Funds To IPA* (in:) "International Journal of New Economics and Social Sciences", Learning-the International Institute of Education-Innovation Development in Warsaw, No 1(5) 2017, p. 117.

of profitability, there is considerable variation between the different regions in Poland, and especially when the eastern and western regions of Poland are compared.

According to CSO data, since 2015, the financial situation of families in Poland has improved significantly. Households earning higher incomes seemed to have translated more into a general increase in consumption in 2015 compared to previous years. This trend was correlated with the improving situation on the labor market, i.e. the decline in unemployment and the accelerating economic growth of the domestic economy. Another positive aspect of the improving economic situation in the country was the increase in real incomes and also the ratio of these incomes to consumer spending.

According to CSO data, an increase in income over expenditure was observed in 2015, which enabled households to increase the scale of saving surplus. According to CSO data¹⁴ Average monthly disposable income per citizen amounted to 1386 PLN in 2015 and was higher by 4.3% in comparison with in 2014. The total expenditure in 2015 accounted for 78.7 percent of all income, which meant an improvement in relation to the year 2014, in which the ratio was 80.5%. Expenditure on consumer goods and services was in 2015 in real terms higher only by 2.0% in relation to 2014, which was a positive trend in the potential for increased systematic savings.

2. The question of putting off financial surpluses, i.e. saving in Poland

An important determinant of the material and financial situation of families is the ability to accumulate assets in households by saving generated financial surpluses. The key factor to increase this potential is the increasing rate of production growth, the economic growth of the country, the drop in the unemployment rate and the increase in real incomes, i.e. the purchasing power of wages earned from paid employment or economic activity of household members. Longer-term accumulation of wealth by families in Poland is also affected by the quality of the offer of investment

¹⁴ P. Lysoń (red.), *Budżety gospodarstw domowych w 2015 r. (Household budgets in 2015.)*, Information and the development of statistics, Central Statistical Office, Warsaw, Poland August 2016, p. 41.

products offered to citizens by commercial banks operating in Poland¹⁵. It is therefore important to make economic decisions on choosing the type of investment, deposit or investment funds¹⁶ to safely store financial surpluses or to choose capital market instruments to attempt to achieve high return on invested financial investments at a specified investment risk¹⁷. In the situation of choosing the latter forms of investing in financial surpluses, e.g. in venture capital funds, the current situation on the financial and capital markets, stock exchanges, particularly in the context of a certain level of economic situation in these markets, and the degree of effectiveness of the functioning of these markets are important¹⁸.

The issue of the effectiveness of capital markets is particularly relevant for developing economies, because in these economies this situation may not always look very positive. Many of the objections raised by individual investors are addressed to the control bodies of these markets, i.e. the Polish Stock Exchange and the Polish Financial Supervision Authority in connection with the low detection of economic crimes committed on these markets in Poland¹⁹. The improvement in this matter would translate into an increase in the efficiency of the stock market in Poland, an improvement in the image of this market from the point of view of individual investors, and an increase in interest in this form of long-term investment in household-generated surpluses.

However, in the years preceding 2014, there was noticeable improvement in the awareness of the need to collect savings in Polish society. It cannot be excluded that this positive trend of growth of financial

¹⁵ B. Domańska-Szaruga, *Wybrane aspekty wykluczenia kredytowego w świetle założeń zrównoważonego rozwoju (Selected aspects of credit exclusion in the light of the objectives of sustainable development)* (in:) T. Borys, P. Rogala (red.), *Sustainable development organization-social aspects*, Publishing House of the University of Economics, Wrocław 2015, pp. 91-92.

¹⁶ D. Prokopowicz, *Wpływ globalnego kryzysu rynków finansowych na rozwój rynku funduszy inwestycyjnych w Polsce (The impact of the global crisis in the financial markets on the development of the market of investment funds in Poland)* (in:) Scientific books University of management and Law. Licentiate in Warsaw XIV. No 3(32)/2009, pp. 73-74.

¹⁷ B. Domańska-Szaruga, *Common banking supervision within the financial safety net* (in:) K. Raczkowski, F. Schneider (red.), *The economic security of business transactions. Management In Business*, Chartridge Books Oxford, Oxford 2013, s. 261.

¹⁸ A. Dmowski, D. Prokopowicz, *Financial markets, the Centre of counseling and Information Difin SP. z o.o.*, Warsaw 2010, p. 315.

¹⁹ D. Prokopowicz, *The Shadow Banking as an Example of Inefficiencies in the Functioning of the Banking System in Poland* (in:) "International Journal of New Economics and Social Sciences", ZN, no 1(3) 2016, pp. 107-119.

savings generated by households was a consequence of the earlier reduction of consumption as a result correlated with post-crisis economic slowdown in Poland. In Poland, there was no economic crisis or recession. Between 2009 and 2012 Poland experienced a marked drop in economic growth, which was a result of the global financial crisis²⁰, which was launched in the fall of 2008, sparked by the sharp fall in stocks of Lehman Brothers' fourth largest investment bank and bankruptcy announcements. In Poland, many families were concerned about the loss of work of household members and the decline in real incomes, which reduced consumption and deposited even small amounts of money on the so-called "black hour" that could occur in the event of a job loss. Potential job loss was a major concern for the public as it significantly increased the unemployment rate as well as correlated with post-crisis economic developments.

From a survey carried out by the Kronenberg Foundation at Citi Handlowy in 2014, i.e. the 7th edition of the survey entitled "Attitudes of Poles to saving", it appears that²¹:

- a) in 2014 only 12% of citizens declared that they regularly save, but slightly more Poles saw the need to postpone the money, because in 2007-2013 the percentage of depositors surplus funds did not exceed 10%;
- b) there was an increased interest in depositing financial surpluses from 61 percent of citizens surveyed in 2013 to 75 percent in 2014,
- c) still, saving for retirement is not a priority, as only 16% of people declared savings for retirement²²;
- d) those who save financial surpluses most often put off the amount of PLN 100 to PLN 500; less were the citizens, who put down up to PLN 100; a small percentage deposited above 500 PLN;

²⁰ B. Domańska-Szaruga, D. Prokopowicz, *Makroekonomiczne zarządzanie antykryzysowe (Macro-economic crisis management)* (in:) 34 Scientific books of the University of Natural Sciences-Humanities in Siedlce, No. 107, series: Administration and management (34) 2015, UPH Faculty of Economics and law, Siedlce, 2015, p. 39.

²¹ E. Szczerbak, *Regularnie oszczędza tylko co ósmy Polak. Nie odkładamy na emeryturę, boimy się inwestować (Regular saves only the eighth Pole. Do not put on retirement, we are afraid to invest)* (in:) Internet portal "Polish Radio", by: GUS, 22.10.2014, (<http://www.polskieradio.pl/42/276/Artykul/1265458>, Regularnie-oszczedza-tylko-co-osmy-Polak-Nie-odkladamy-na-emeryture-boimy-sie-inwestowac).

²² D. Prokopowicz, *Demographic, Social And Economic Determinants Of The Pension Reform Payment Plan Of The Pension System Based On Transfer Of Capital From OPF Funds To IPA* (in:) "International Journal of New Economics and Social Sciences", International Institute for Learning Innovation-Education-Development in Warsaw, No 1(5) 2017, p. 112.

- e) most households are financially sensitive to women, while men make more purchases, including under the influence of impulses, gadgets;
- f) traditional bank deposits and savings accounts are predominant in the choice of investment financial instruments.

The survey conducted by the Kronenberg Foundation shows that Poles are more cautious in investing their surpluses because in 2014 only one in ten citizens invested in equity capital instruments such as shares and other securities or investment funds with a much higher level of investment risk than traditional investment banking products²³. This small percentage of investors is due, among others, still limited confidence that financial institutions endow with the Poles. A small portion of citizens accept risky investments, such as shares or corporate bonds, and when they are decisive, they usually choose the wrong moment, i.e. the moment in which valuations of these financial instruments are at high, often revalued levels.

By analyzing the profile of the investor's saver, research shows that people who accept higher risk in their families are mainly men. In recent years, investment by citizens in investment funds has increased considerably in those funds that have invested funds deposited by investors in their national or global corporate bonds. Funds of this type reached PLN 3.4 billion by mid-2014. However, this part of the savings of Poles constitutes a small percentage of the total funds deposited by citizens in various financial instruments. The total amount of Polish savings according to the National Bank of Poland amounted to PLN 890 billion in 2014, of which approximately PLN 550 billion was deposited on bank deposits. The average amount of savings per citizen in Poland was less than 3,500 Euro, which is not an impressive result compared to the average in Europe²⁴. In Western Europe, the average level of savings per citizen is nearly eight times greater than in Poland²⁵. A similar picture of the situation in saving of Poles presented the results of research carried out by BGŻ Bank. A

²³ A. Dmowski, D. Prokopowicz, J. Sarnowski, *Finanse i bankowość. Teoria i praktyka (Finance and banking. Theory and practice)*, The Publisher Center counseling and Information Difin SP. z o.o., Warsaw, Poland 2008, p. 83.

²⁴ S. Gwoździewicz, D. Prokopowicz, *Globalization and the process of the system and normative adaptation of the financial system in Poland to the European Union standards* (in:) *Globalization, the State and the Individual*, "International Scientific Journal", Free University of Varna "Chernorizets Hrabar", Chayka, Varna, Bulgaria 9007, Varna 2016, No 1(9) 2016, p. 67.

²⁵ E. Szczerbak, *Regularnie oszczędza...*, *op.cit.*

study published in mid-2014 by BGŻ Optima shows that a Polish citizen holds a statutory deposit of PLN 14,300 in a commercial bank. However, this is not an impressive level of savings compared to the average across Europe. The saving rate in Poland is unfortunately relatively low and is about 4 per cent, while in the largest European economy, i.e. in Germany, it is 10 per cent. The report also shows that the financial assets of a person with financial savings in Poland represent only one fifth of what was saved by the average European Union citizen. In the years 2015-2017, the situation in the global economy and the economic situation in Poland have improved significantly. In Poland, this improvement was confirmed by the gradual decline in unemployment, the increase in production and income. In 2017, moods among investors investing in securities on the Warsaw Stock Exchange also improved. Investment funds have also begun to notice a marked influx of new funds also from individual clients. This trend confirms the correlation between the improving economy in the domestic economy and the capital markets and the growing interest of citizens in investing surplus funds in financial instruments with higher risk of traditional bank deposits²⁶.

Interesting cross-sectional data on the nature of financial surpluses, i.e. savings on bank deposits and other forms by citizens in Poland, were derived from studies conducted by the Kronenberg Foundation and analysts of BGŻOptima in the mid-2014 report entitled “Economical Pole”. Based on the above mentioned research results, the following conclusions were presented²⁷:

- a) the level of savings in Poland versus the European Union average is five times lower and growing slowly, while the consumer spending has been catching up the EU average²⁸;

²⁶ A. Dmowski, D. Prokopowicz, *Rynki finansowe (Financial markets)*, The Publisher Center counseling and Information Difin SP. z o.o., Warsaw 2010, p. 125.

²⁷ K. Rzyman, H. Lichočka, M. Byrska, *Oszczędności Polaków: mało odkładamy, ale wydawanie idzie nam bardzo sprawnie (Savings: a little aside, but the issue goes very smoothly)* (in:) Internet portal “Polish Radio”, on the base. The report “Pole frugal” developed by the Foundation for Kronenberg and BGŻOptima, 23.07.2014 (www.polskieradio.pl/42/3306/Artykul/1184955, *Oszczednosci-Polakow-malo-odkladamy-ale-wydawanie-idzie-nam-bardzo-sprawnie*).

²⁸ S. Gwoździewicz, D. Prokopowicz, *Globalization and the process of the system and normative adaptation of the financial system in Poland to the European Union standards* (w:) *Globalization, the State and the Individual*, “International Scientific Journal”, Free University of Varna “Chernorizets Hrabar”, Chayka, Varna, Bułgaria 9007, Varna 2016, no 1(9) 2016, p. 65.

- b) most of the financial surpluses are kept by Poles in cash and deposits (44%);
- c) average savings per citizen in Poland amounted to PLN 14,300 and they were mainly deposited in bank deposits, this amount was 5 times higher than in 1997 and 2.6 times higher than in 2004;
- d) the interesting thing is that farmers save the most in this group, with monthly savings of PLN 335 per person, which is probably related to the increase in profitability generated by European Union financial grants;
- e) whereas the social group, where the level of saving is lowest, are pensioners, because monthly savings were only PLN 117 per person.

In households, the decision to allocate surpluses for savings purposes is more and more directly linked to the use of investment products offered by financial institutions or sometimes from parabolic companies²⁹. Households or individuals forming them as individual customers are a key segment of the recipients of a large part of the offer of financial institutions, mainly commercial banks. As a result of rising incomes, increased interest in citizens' use of e-banking and growing confidence in financial sector institutions, the trading portfolio of these entities is growing and so is the importance of this sector in the economy³⁰. The financial market is now considered to be one of the most important branches of modern, developed economies. Since the 1990s, there has been a gradual increase in household insolvency, i.e. the percentage of citizens and households that do not benefit from the offer of commercial banks is steadily decreasing. Consequently, the economic environment in which the family operates is often taken into account when analyzing the choices made by citizens, families and households. This financial environment consists of financial institutions and, above all, the offer of deposit and loan banking³¹.

²⁹ D. Prokopowicz, *The Shadow Banking as an Example of Inefficiencies in the Functioning of the Banking System in Poland* (w:) "International Journal of New Economics and Social Sciences", ZN, No 1(3) 2016, pp. 109-110.

³⁰ B. Liberda, *Przezorność. Kto oszczędza w Polsce (Forethought. Who saves in Poland)*, The Publishing House of the University of Warsaw, Warsaw 2015, p. 58.

³¹ A. Dmowski, D. Prokopowicz, J. Sarnowski, *Podstawy finansów i bankowości (Fundamentals of finance and banking)*, The Publisher Center counseling and Information Difin. zo.o., Warsaw, Poland 2005, p. 83.

3. Increased awareness of the need to collect financial savings

The level of economic knowledge is also an important factor in deciding on the economics of a household. This factor and the level of income and opportunities for citizens and families to generate financial surpluses are determined by the awareness of the need for self-collection of savings, i.e. funds that will be spent in a more or less long-term perspective or for retirement by building an investment portfolio in the so-called Retirement pillar III³². A lot of researches in this field suggest that the level of this awareness in Polish society in aggregate terms is not good³³. On the other hand, in recent quarters, many debates in the media are devoted to this issue. In addition, in recent years the pension system in Poland has been modified several times, which also significantly contributes to the successive improvement of the awareness of citizens and families in Poland as well as the need to collect financial savings for retirement³⁴. More and more citizens are interested in these issues and they gain knowledge that allows them to objectively interpret the economic environment in which families in Poland operate. There are also a growing proportion of citizens who are aware that there is no pension system that is 100 per cent safe in all respects and that does not involve any risk. With an obligatory equity pension system based on the discharge of a small part of the pension contribution to Open Pension Funds, there is a market risk of significant changes in the prices of securities in stock markets³⁵. With

³² D. Prokopowicz, *Demographic, Social And Economic Determinants Of The Pension Reform Payment Plan Of The Pension System Based On Transfer Of Capital From OPF Funds To IPA* (in:) "International Journal of New Economics and Social Sciences", International Institute for Learning Innovation-Education-Development in Warsaw, No 1(5) 2017, pp. 112-13.

³³ K. Rzyman, *Co drugi Polak żyje „od pierwszego do pierwszego”. Z naszą wiedzą ekonomiczną też jest słabo* (Every other Pole alive "from the first to first". Of our knowledge economy also is poorly) (in:) Internet portal "Polish Radio", 14.11.2014, (<http://www.polskieradio.pl/42/276/Artykul/1287919,Co-drugi-Polak-zyje-od-pierwszego-do-pierwszego-Z-nasza-wiedza-ekonomiczna-tez-jest-slabo>).

³⁴ D. Prokopowicz, *Demographic, Social And Economic Determinants Of The Pension Reform Payment Plan Of The Pension System Based On Transfer Of Capital From OPF Funds To IPA* (in:) "International Journal of New Economics and Social Sciences", International Institute for Learning Innovation-Education-Development in Warsaw, No 1(5) 2017, p. 112.

³⁵ A. Dmowski, D. Prokopowicz, *Rynki finansowe (Financial markets)*, The Publisher Center counseling and Information Difin sp. z o.o., Warsaw 2010, p. 314.

an obligatory participatory pension system based on the overwhelming majority of pension contributions to the Social Insurance Institution, there is a political risk, as further reforms of this system cannot be ruled out in the future. As a result, more and more home-grown citizens come to the conclusion that increasing financial security for the attainment of age or health in order to continue working and earning a living requires self-accumulation of financial savings in the long run. In this way, a portfolio of diversified pension pillars will be a financially secure portfolio and will increase family safety in this area. Increasing family financial security also translates into increased security on other issues, including social and sociological³⁶.

However, only a small proportion of the population, and therefore also families, are aware of the need for additional long-term savings of financial surpluses. Lack of specific economic knowledge cannot be indicated as the sole cause of this situation. The research of Kronenberg Foundation at Citi Handlowy in 4th quarter of 2014 shows that in the Polish society³⁷:

- a) every twenty citizens spend more than they earn, which means a significant proportion of the gray economy in terms of earning;
- b) half of the citizens live “from first to first”, i.e. when low income does not allow any saving;
- c) only 10% of citizens put off any amount for retirement;
- d) 72% of citizens cannot count how much money should be given to the bank, in the situation of borrowing a credit in the bank.

A similar picture of the financial situation of Poles has provided the results of research conducted by the ING banking group. According to the results of this study, 40 percent of citizens surveyed signaled the difficulty of tying the end to the end³⁸.

³⁶ J. Frątczak-Muller, *Rodzina - potrzeby - polityka społeczna (Family-need-social policy)*, Ellipse Publishing House Publishing House, Warsaw 2014, p. 142.

³⁷ K. Rzyman, *Co drugi Polak żyje „od pierwszego do pierwszego”*. *Z naszą wiedzą ekonomiczną też jest słabo (Every other Pole alive “from the first to first”. Of our knowledge economy also is poorly)* (in:) Internet portal "Polish Radio", 14.11.2014, (<http://www.polskieradio.pl/42/276/Artykul/1287919,Co-drugi-Polak-zyje-od-pierwszego-do-pierwszego-Z-nasza-wiedza-ekonomiczna-tez-jest-slabo>).

³⁸ M. Sadzak, *Oszczędzanie Polaków: dobre chęci już są (Save the poles: good intentions are no longer enough)* (in:) Internet portal “Polish Radio”, za: Open Finance, 18.08.2014, (<http://www.polskieradio.pl/42/276/Artykul/1205418>, *Oszczędzanie-Polakow-dobre-checi-juz-sa*).

These data already indicate a number of reasons for such low awareness of the need for long-term accumulation of financial savings or capital in other forms as well as the low level of savings generated by families in Poland³⁹.

On the other hand, however, already in 2014, the results of the research conducted at the time indicated an increase in interest in the accumulation of savings among Poles. In mid-2014, ARC Rynek and Opinie for the "Rzeczpospolita" daily newspaper conducted a poll of 1,000 people surveyed on citizens' interest in depositing surplus funds in various investment instruments offered by banks, investment funds and capital market brokerage firms. These studies showed that⁴⁰:

- a) 70% of Poles intended to accumulate any value of financial savings in the next period, i.e. 2015;
- b) Interest in maintaining financial surpluses has been increasing in popular savings accounts, which have been popular for several years now, combining the functions of earlier so-called a 'vista accounts with term deposits, this form of saving was preferred by 47% of investigated;
- c) relatively more citizens planned to put off financial surpluses on savings accounts than on time deposits, because the latter had already chosen only 27 percent of respondents;
- d) the interest in investment fund offers was modest in view of safer forms of collecting savings on bank accounts, which was a result of the recent global financial crisis and weak economic situation on the Warsaw Stock Exchange⁴¹;
- e) also, the interest in placing surpluses in Treasury bonds was negligible, which was related to the low interest rates of those deposit instruments already at that time, and to a much lower

³⁹ B. Liberda, *Przezorność. Kto oszczędza w Polsce (Forethought. Who saves in Poland)*, The Publishing House of the University of Warsaw, Warsaw 2015, p. 59.

⁴⁰ M. Sadzak, *Oszczędzanie Polaków: dobre chęci już są (Save the Poles: good intentions are no longer)* (in:) Internet portal "Polish Radio", by: Open Finance, 18.08.2014, (<http://www.polskieradio.pl/42/276/Artykul/1205418,Oszczedzanie-Polakow-dobre-checi-juz-sa>).

⁴¹ D. Prokopowicz, *Wpływ globalnego kryzysu rynków finansowych na rozwój rynku funduszy inwestycyjnych w Polsce (The impact of the global crisis in the financial markets on the development of the market of investment funds in Poland)* (in:) Scientific books University of management and Law. Licentiate in Warsaw. Year XIV. No 3(32)/2009, pp. 73-74.

awareness of these instruments by citizens towards traditional bank deposits⁴².

Increasing public awareness of the need for financial savings is also correlated with the marketing policies of financial institutions that offer the most popular instruments for investing in surpluses. The above results show that the most popular are still financial products located in the offer of commercial banks operating in Poland⁴³. On the other hand, there is a growing awareness of the need to save money, which is also linked to the growing popularity of savings accounts offered by banks. Accounts receivable after the expiry of the significant financial surpluses of those accounts may be transferred to term deposits or invested in investment funds offering potentially higher interest rates than those offered by banks under savings accounts. However, the decisions taken by citizens, families leading households are already determined by the market situation, i.e. the boom in the stock exchange markets and the interest rates of alternative investment financial instruments. The marketing of commercial banks and investment funds is also important⁴⁴.

The surplus family financial savings are mainly invested in investment instruments offered by financial market operators. As the situation in these markets may change in terms of prices of financial products and cash flow in particular segments of these markets, citizens and families are constantly forced to make economic decisions in this area, i.e., which financial instruments to invest or share their excess financial holdings. The financial and material situation of families in Poland may also influence the decisions made regarding obtaining financial resources and maximizing profitability. The income earned by household members is

⁴² D. Prokopowicz, *Social and economic determinants of the processes of economic globalization that shape the development of the banking system in Poland* (in:) *Globalization, the State and the Individual*, "International Scientific Journal", Free University of Varna "Chernorizets Hrabar", Chayka, Varna, Bułgaria 9007, Varna 2016, No 2(10) 2016, pp. 21-22.

⁴³ A. Dmowski, D. Prokopowicz, J. Sarnowski, *Finanse i bankowość. Teoria i praktyka (Finance and banking. Theory and practice)*, The Publisher Center counseling and Information Difin sp. z o.o., Warsaw 2008, p. 64.

⁴⁴ D. Prokopowicz, *Wpływ globalnego kryzysu rynków finansowych na koniunkturę polskiej gospodarki (The impact of the global crisis in the financial markets on the prosperity of the Polish economy)* (in:) Scientific notebooks Almamer University with its seat in Warsaw, (Economics). Publishing House of the University Of Economics Almamer. Warsaw, No 4(61) 2010, pp. 146-147.

most often derived from part-time work, self-employment or casual seasonal employment, etc. Individual forms of employment may be important from the point of view of the structure of the home budget and also in the situation of assessing the financial and credit capacity of commercial banks considering the application for a loan. The size and structure of income also shape the economic potential of households in terms of consumption and accumulation of financial savings.

In analyzes of household consumption opportunities covering multi-month or multi-year periods the most important are estimated average real incomes achieved by individual members of a given family. The amount of real income determines how much money the household can spend on food, everyday items, and how much to buy and how much to save.

4. Conclusions

In view of this, families that run households are the basic social and economic unit in modern, well-developed national economies. In economic terms, households are entities operating mainly in the sphere of consumption. Family members, as consumers, pay attention to determinants such as income, prices of products and services, and the impact of advertising campaigns, current fashion trends and recommendations from other consumers. Households seek to maximize their satisfaction with specific, limited income. Decisions on consumption, but also on other economic aspects, affect the financial situation of households and are determined by the income situation of families and citizens, who contribute to and predict the most likely changes in the income situation, and thus also predict changes in the economic environment of households. The main factor of this environment is the situation on the labor market. An important factor affecting the income situation of families in Poland, especially large families is also launched in April 2016 Family Program 500 Plus⁴⁵, i.e. the key instrument of the current pro-family social policy. At present, the dominant view is that one of the most important segments in developed countries socio-economic

⁴⁵ S. Gwoździwicz, D. Prokopowicz, *The Importance Of The 500 Plus Family Program As An Impact Factor Of Family Popycy In Family Investment In Poland* (in:) "International Journal of New Economics and Social Sciences", International Institute for Learning Innovation-Education-Development in Warsaw, No 1(5) 2017, p. 276.

policy is social pro-family policy. In Poland for many years the relatively low incomes have been achieved by families with many children. Similar relationships exist in the area of housing and household appliances in durable goods. Also in relation to average levels of household income and housing availability in the European Union, the Polish standards on these issues significantly differ from those in Europe. The main current objective of the Family Plus 500 program launched in April 2016 is to significantly reduce the scale of this socially and economically disadvantageous relationship, i.e. the current lowest profitability in large families. Launched in December 2016, the Apartment Plus program will significantly improve the availability of apartments in Poland, especially in the low-rent housing segment, which was previously unavailable to low-income families. Both programs, after a minimum of several years of use, will significantly improve the propensity of citizens to save, i.e., to accumulate surpluses and place them in financial institutions' financial offerings.

Besides, particularly it should be emphasized that the creation of a “climate” for entrepreneurial activity and a broadly understood atmosphere in favor of new initiatives are characterized by the intelligent economy, the one that focuses on new technological and financial initiatives, but also on the preservation of social norms. It also improves the efficiency of the functioning of market and economic mechanisms⁴⁶.

Therefore, a significant factor in the material and financial situation of families, whose significance in Poland is growing steadily, is the ability to accumulate wealth in households by saving of generated financial surpluses. The main determinant of these increases is the increasing rate of production growth, the economic growth of the country, the decline in the unemployment rate and the increase in real incomes, i.e. the purchasing power of wages obtained from employed or engaged economic activity by household members. On a long-term basis, the quality of the offer of investment products offered to citizens by commercial banks operating in Poland is also affected.

From a microeconomic and social point of view, it is important for the economic decisions of citizens to choose the type of investment, deposit or investment funds to safely store financial surpluses or to choose

⁴⁶ W. Wereda, *Przedsiębiorczość w Polsce – stan obecny i perspektywy rozwoju (Entrepreneurship – current state and prospects for development)*, Modern Management Systems No 8/2013, p. 19.

capital market instruments to try to achieve high return on their financial savings at a certain investment risk. In the situation of choosing the latter forms of investing in financial surpluses, e.g. in venture capital funds, the current situation on the financial and capital markets, stock exchanges, particularly in the context of a certain level of economic situation in these markets, and the degree of effectiveness of the functioning of these markets are important⁴⁷. All these market and business factors have significantly influenced the opportunities and the level of savings generated by households in Poland in the last dozen or so years⁴⁸.

On the other hand, from the macroeconomic point of view, decisions taken by decision-makers who direct particular aspects of socio-economic policy, including central bank institutions and the financial system of the state as well as institutions of particular segments of the financial markets⁴⁹, should be made taking into account the social and economic needs of families in Poland.

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⁴⁷ A. Dmowski, D. Prokopowicz, *Rynki finansowe (Financial markets)*, The Publisher Center counseling and Information Difin SP. z o.o., Warsaw 2010, p. 64

⁴⁸ C. Bywalec, *Ekonomika i finanse gospodarstw domowych (Economics and finance households)*, Polish scientific publishers PWN, Warsaw, 2012, p. 72.

⁴⁹ D. Prokopowicz, *Social and economic determinants of the processes of economic globalization that shape the development of the banking system in Poland* (in:) *Globalization, the State and the Individual*, "International Scientific Journal", Free University of Varna "Chernorizets Hrabar", Chayka, Varna, Bulgaria 9007, Varna 2016, No 2(10) 2016, s. 21-22.

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