

credit trends

Credit Information Bureau
Quarterly Report

September 2016



BIURO INFORMACJI KREDYTOWEJ

s. 3–5 POLISH CREDIT MARKET

Key findings	3
The number of borrowers in the banking system continues to fall, though more slowly	4
Credits and loans in use by products	5

s. 6–19 CONSUMER CREDITS

Key findings	6
The number of granted credits	7
Fewer hire purchase credits in the first half of 2016 ...	8
Outstanding debt, the number of borrowers	9
The value of consumer credits granted	10
Credits in amount segments	11
Customers of loan companies	12
65+ customers are granted higher loans	13
Market shares of loan companies in low amount segments	14
The Consumer Credit Health BIK Index	15
Credits deteriorating their past due status	16
The quality of subsequent credit generations (status 30+)	17
The quality of subsequent credit generations (status 90+)	18
Past due borrowers in banks and loan companies ...	19

s. 20–29 HOUSING LOANS

Key findings	20
The number of housing loans granted	21
The value of granted loans	22
The number of borrowers, outstanding debt	23
The quality of housing loans granted	24
The quality of granted loans – the rate of change ...	25
The quality of granted loans: the comparison of zloty and currency loans	26
Accounts deteriorating their status of servicing	27
The quality of portfolios: the comparison of zloty and currency loans	28
The quality of Swiss franc loans	29

s. 30–35 CREDIT CARDS

Key findings	30
The number of credit cards issued	31
The value of credit card limits granted	32
Credit card holders	33
Limits on card accounts and their utilisation	34
New phenomena on the credit card market	35

In the second quarter we noted some changes on the market of loans and credits for private individuals, though generally, the former quarters trends were continued. Consumer credit sales were poor. In terms of the number of contracts concluded we noted stabilization in comparison with the previous year, and a slight growth in terms of value. In the YoY comparison of consumer credit sales the first halves of 2016 and 2015 look similar. Banks focus, which we emphasized in our former reports, on granting higher amount credits, and the number of low amount credits declines, also in the segment financing the hire purchase of goods and services. Loan companies develop their credit actions. A decisive majority (80%) of

customers of loan companies simultaneously make use of bank credits.

The pessimistic forecasts made at the end of 2015 and beginning of 2016 did not come true. They assumed a decline in the credit action on the housing loan market in the second half of 2015 due to the rise in borrowers' own contribution, fading of the MdM programme, regulatory factors and tax reasons. In terms of numbers as well as value, the second quarter and the half year still look favourable in the crediting of housing (in the YoY comparison), though May and June were weaker, with sales similar to the

2015 results. The quality of consumer credits and housing loans is stable and satisfactory, and it also refers to the controversial currency loans.

There are declines on the credit card market. It concerns both new contracts and the number of cards in use, though in the second quarter the card holders were more active. The declines may have resulted from the revised product strategy pursued by some banks due to low interchange rates.



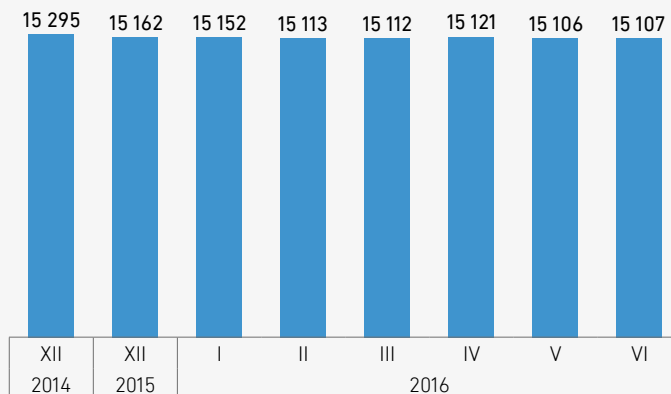
Andrzej Topiński, PhD
BIK Chief Economist

The number of borrowers in the banking system continues to fall, though more slowly

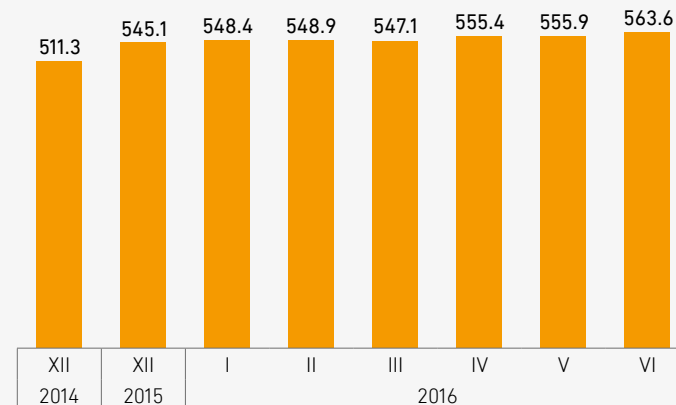
In the former Credit Trends issue, we showed a downward trend in the number of borrowers in the years 2011–2016 (till March). Below, see the course of the trend in the first half of 2016. The number of borrowers went on falling, though in the second quarter it became stable. In June the number of borrowers was slightly higher than in May.

The decline in the number of borrowers goes together with a growing trend in the amount of liabilities, however in the first quarter we observed stabilisation: it was a seasonal phenomenon resulting from a weak credit action in January and February. In the second quarter the amount of outstanding debt was on the rise.

Borrowers – private individuals – in banks and SKOK credit unions (in thousands)



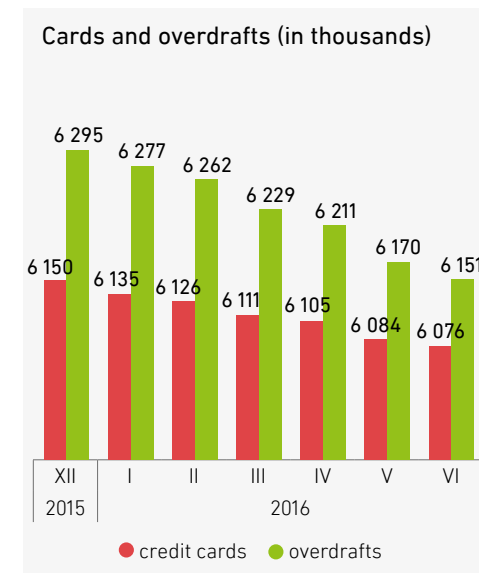
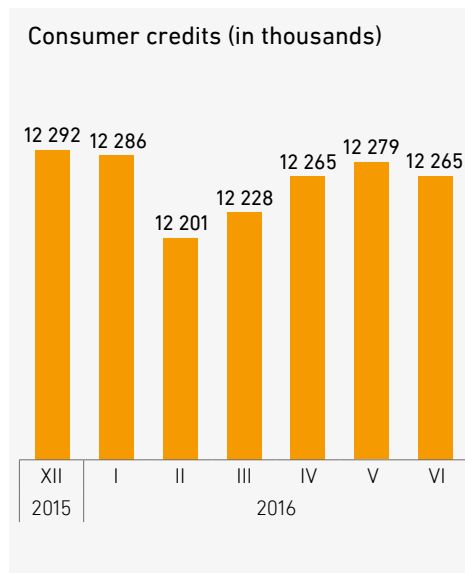
Outstanding debt of borrowers in the banking system (including SKOK credit unions) (in billion zlotys)



Credits and loans in use by products

The number of housing loan accounts is on the rise all the time; the number of consumer credit accounts is generally stable. The number of credit cards is falling.

Every month 6-10 thousand new housing loan accounts are opened; the number of consumer credit accounts is stable now, the number of credit cards and overdrafts is falling.



Key findings

- The number of concluded consumer credit contracts in the first half of 2016 was 2.2% lower YoY. The value of credits was 1.3% lower. Generally, there is stabilisation on the bank consumer credit market.
- The sector of loan companies is growing. The number of credits granted by these companies seen in the BIK database is also growing not only due to the tightening of cooperation by loan companies with BIK.
- The share of loan companies in granting credit/loans is growing, in particular for low amounts. In the third quarter we observed a decline in the number of bank credits financing the hire purchase of goods and services.
- A positive dynamics of consumer credit sales for higher amounts, as well as the extension of an average tenor of loans and credits made the consumer debt of private individuals in June 2016 rise by 6.2 billion zlotys (4.7%) compared to December 2015. In June the number of borrowers servicing consumer credits was slightly lower than in December.
- The quality of loans and credits granted, measured by the share of past due loans in the number of loans and credits granted in the subsequent years is good. The number of consumer credits “falling out” of the status of regular servicing in the first half of 2016 showed a downward trend.

The number of granted credits

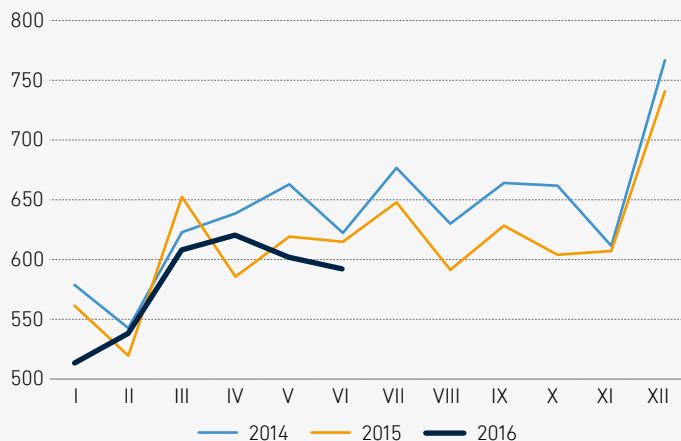
A smaller number of consumer credits granted (instalment and cash) continues to fall.

Only in February, in which there was one working day more, and in April more credit were granted compared to the previous year. May was poor, also June was below the last year's level even if it had one working day more.

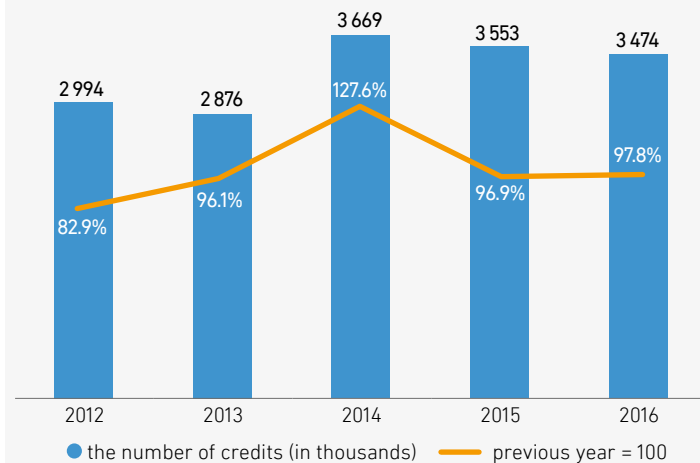
In the first half of 2016 the volume of consumer credits was 2.2% lower than a year before. In the second quarter thanks to high sales of con-

sumer credits in April, compared to last year, the number of granted credits was similar to the 2015 results (a decline of 0.3%). A falling trend in the number of credits granted is clear. A strong increase, seen in the graph, in the number of credits granted in 2014 resulted from the return to some banks of the hire-purchase credits granted in 2012 and 2013 by loan companies connected with the banks.

Consumer credits granted monthly in 2014–2016 (in thousands)



Consumer credits granted in the 1st half years in the years 2012–2016 (in thousands)

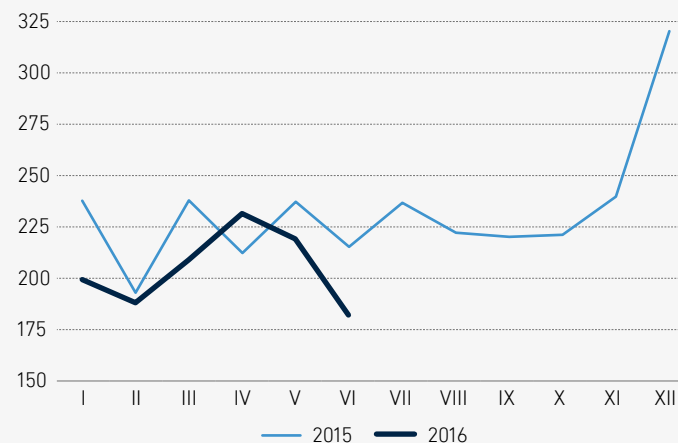


Fewer hire purchase credits in the first half of 2016

A decline in consumer credits granted in the first half of 2016 resulted to a large extent from the limitation of crediting of the hire purchase of goods and services. Banks reported a lower number of contracts in this segment despite the information about the rise in retail sales of goods and services, particularly in the product groups in which credit plays a considerable role in financing purchases (home electronics, household appliances or furniture).

Hire purchase crediting is concentrated in a few banks classified as consumer finance group. Three group leaders grant about one third of all consumer credits of the banking sector, three fourths of which are classified as instalment credits. Only in April these banks granted more hire purchase financing credits compared to 2015. Generally, the hire purchase crediting trend, with considerable monthly fluctuations, except for the December peak, was flat. In the first quarter it was on a much lower level than a year before.

Credits granted by consumer finance banks for the purchase of goods and services (in thousands)



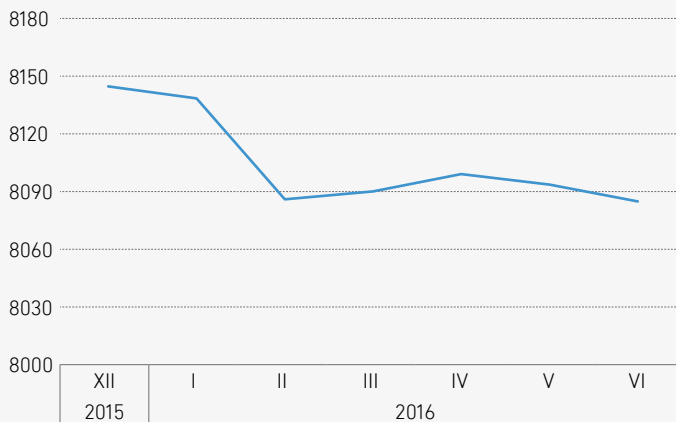
Outstanding debt, the number of borrowers

An increase in outstanding debt in consumer credits with a falling number of borrowers.

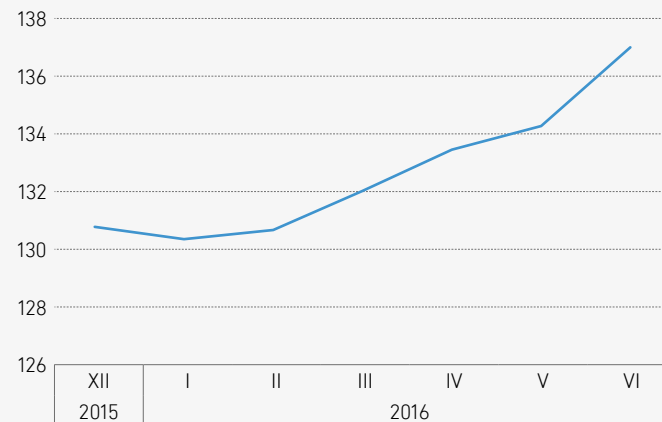
8.1 million borrowers serviced consumer credits in June 2016, i.e. 60 thousand less than in December 2015. The decline in the number of borrowers occurred at the beginning of the year, in January and February; so it must have been seasonal in character. Since March the

number of borrowers has been subject to slight fluctuations. And the consumer credit debt of private individuals in banks and SKOK credit unions grew month by month. In June 2016 it amounted to 137 billion zlotys, 4.7% more than in December 2015.

Banks and SKOK credit unions. Borrowers servicing consumer credits (in thousands)



The outstanding debt of private individuals in banks and SKOK credit unions in consumer credits (in billions zlotys)

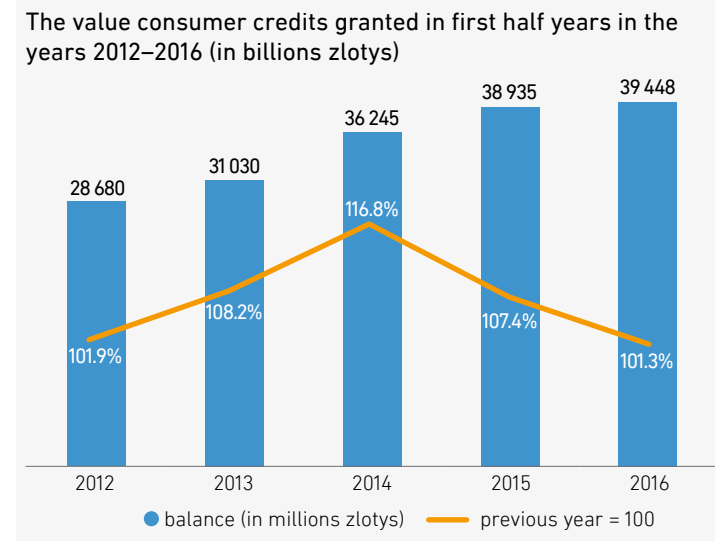
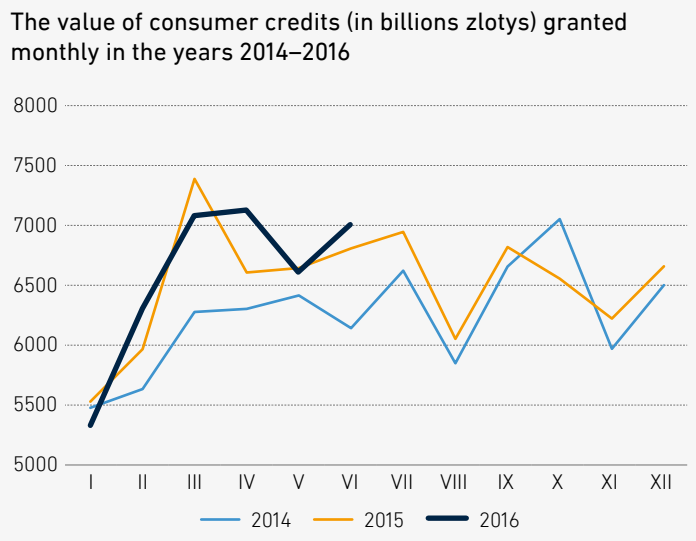


The value of consumer credits granted

Despite a smaller number of contracts concluded, the amounts of the contracts grow from year to year; however, not substantially at present.

The second quarter 2016 in terms of the value of consumer credits granted was decisively better than the first one. In April and June the sales were higher than a year before, in May slightly lower.

In the period January–June the value of consumer credits was higher by 1.3% than a year before, in the second quarter it was higher by 3.4% YoY, and in the first quarter 1% lower.

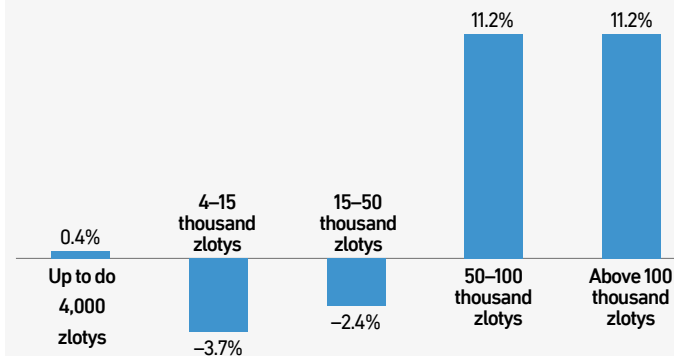


Credits in amount segments

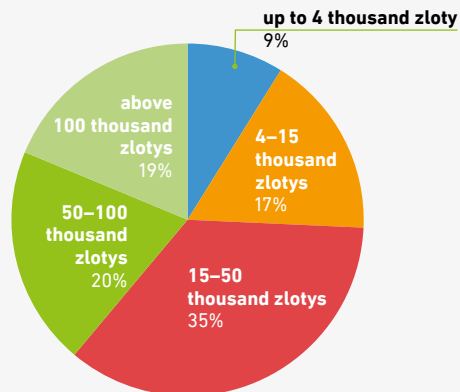
Like in the first quarter, the number of granted credits grew only in the segments above 50 thousand zlotys.

In the 2nd quarter 2016 credits above 50,000 zlotys accounted for 39% of the value of the concluded contracts. In 2014 – 6 percentage points less.

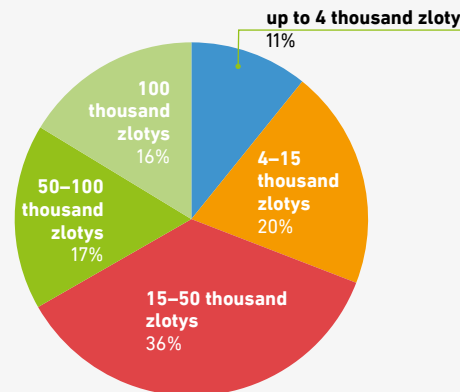
The YoY dynamics of the number of consumer credits granted in the 2nd quarter 2016



The shares in the value of concluded contracts of amount segments in 2nd quarter 2016



The shares in the value of concluded contracts of amount segments in 2014

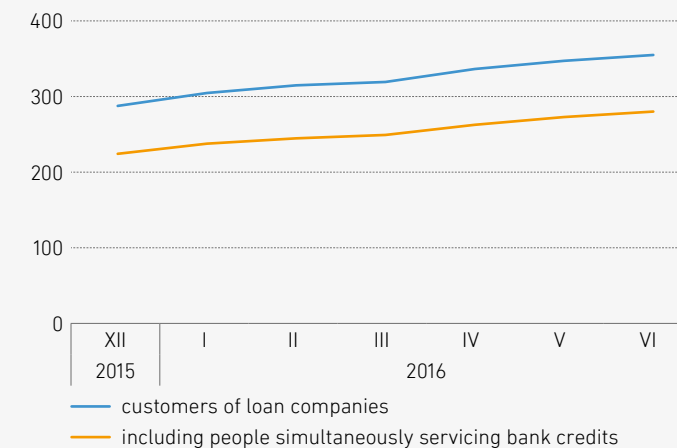


Customers of loan companies

There is a growing number of people indebted in loan companies; these people usually service bank credits at the same time.

The number of people servicing loans outside banks is on the rise. The BIK database indicates that the number of these people grew in the first quarter by 65 thousand (by 23%). The rise results partially from the increase in the number of loan companies participating in the exchange of data on indebtedness by means of BIK. The majority of these people (nearly 80%) identified in the BIK database as customers of loan companies, at the same time service bank credits. The number of customers of loan companies having a bank credit grew in the period January–June 2016 by 54 thousand.

Customers of loan companies; among them people simultaneously making use of bank credits (in June 2016) (in thousands)

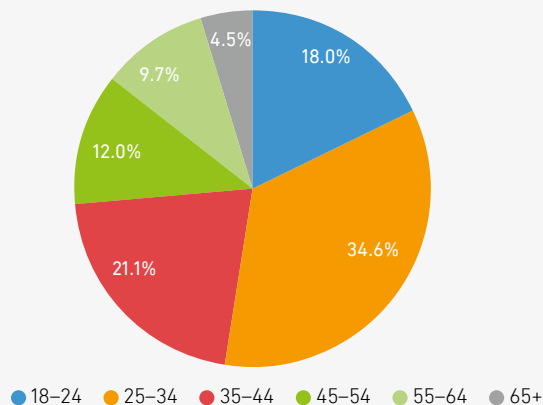


65+ customers are granted higher loans

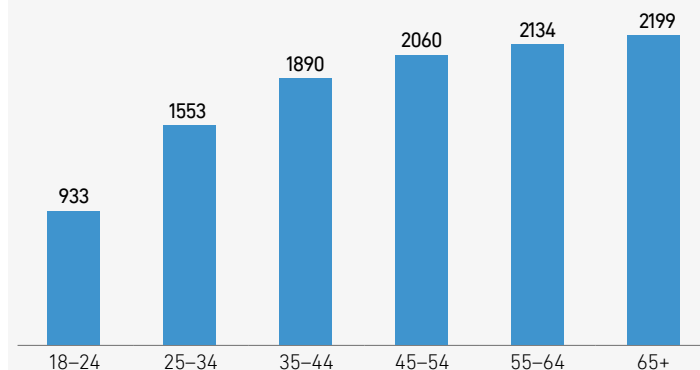
Loans granted to senior customers, though growing fast, amount only to 4.5% of the total of loans granted by non-banking companies in June 2016. These companies granted 4 times more loans to young customers (up to 24 years of age) than to senior customers. The latter obtain credits

for higher amounts than the young customers, as a result of which the share of 65+ customers in the loan companies accounts for 8%, while the share of the young customers (up to 24) amounts to 16%.

The age structure of customers who were granted loans by non-banking loan companies in June 2016



An average loan (in zlotys) by the age of customers



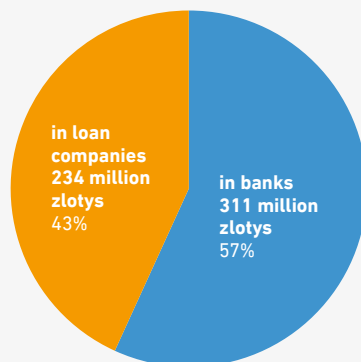
Market shares of loan companies in low amount segments

Loan companies have a considerable share in low amount loans/credits granted.

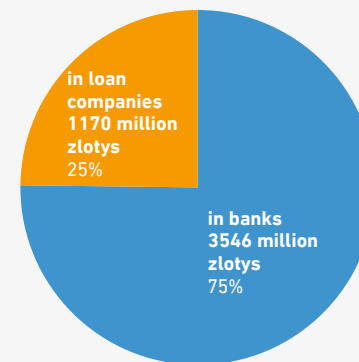
In the segment of loans/credits up to the amount of 1,000 zlotys the share of loan companies amounted to 43% in the first half of 2016 according to the BIK database. At present, not all concluded transactions are being reported to BIK yet. Thus, this share must exceed 50%. In the segment of credits/loans granted for amounts of up to 4,000 zlotys

the share of loan companies amounted to 25% according to the BIK database. Taking into account the fact that BIK is not informed by all the loans granted by the companies, it may be assumed that the market shares of loan companies come closer to the bank shares.

Consumer credits/loans contracts for amounts up to 1,000 zlotys in the first half of 2016



Consumer credits/loans contracts for amounts up to 4,000 zlotys in the first half of 2016



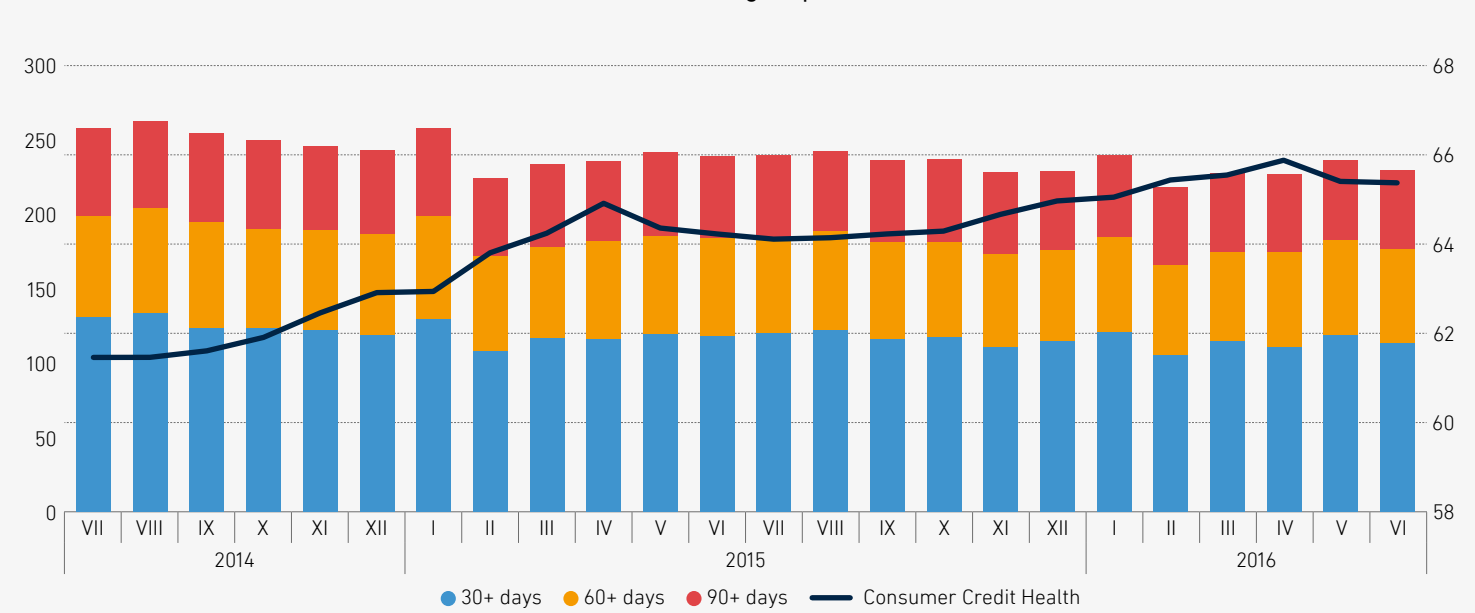
The Consumer Credit Health BIK Index

Consumer credit portfolios are of good quality, though in the 2nd quarter their health was slightly worse compared to the previous quarter.

In June 2016 the Consumer Credit Health BIK Index stood at 65.4 points; slightly lower than the Index rate in March, but above the December level (65.0 points). The decline in the Index value in the 2nd quarter may

have been seasonal in character; it was similar in June 2015, which results from a worse quality of credits granted at the beginning of the year (in January and February in particular).

The Consumer Credit Health Index and the number of entries to a higher past due status (in thousands)



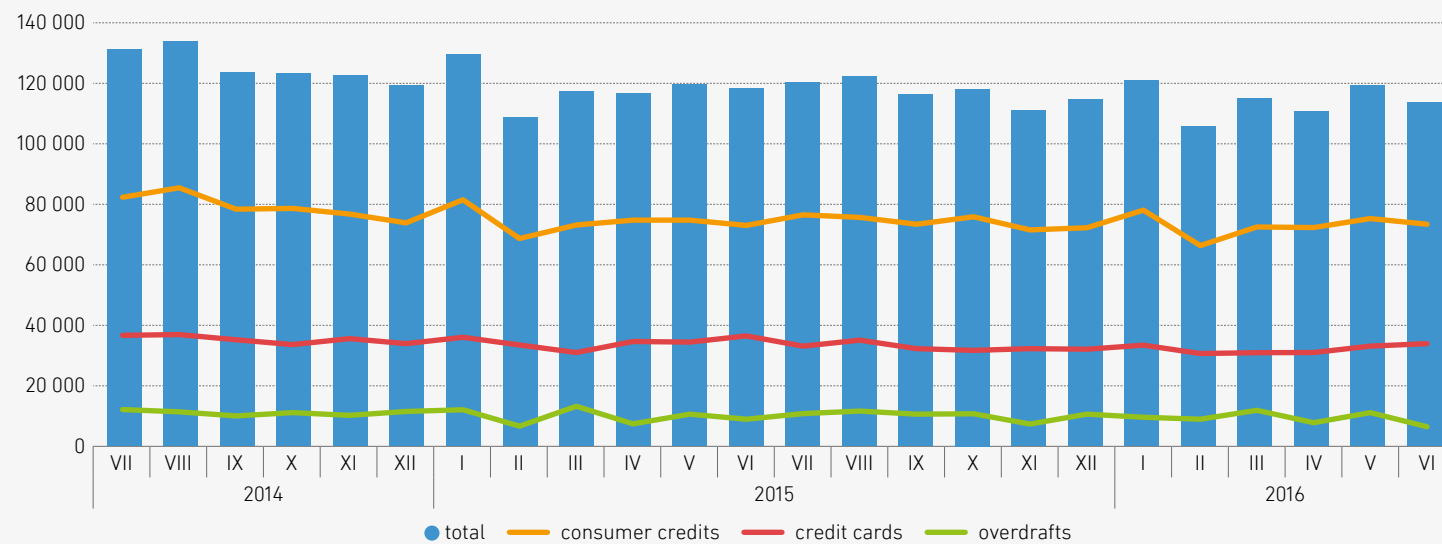
Credits deteriorating their past due status

The number of entries to past due from regular servicing is stable.

In the 2nd quarter 2016 on average 114,500 consumer credits moved monthly to the 30+ past due from the regular status, which is less than in 2015, but more than in the 1st quarter 2016. In comparison with the previous quarter, there was a rise in the number of entries to the 30+ status of consumer credit accounts (instalment and cash) as well as

credit card accounts; the number of entries of overdrafts was on the decline. About half of the credits included in the 30+ status are not serviced in the next month either, and 80% of them reach the status of 90 days past due in the following month.

Monthly movement of credits from the regular status to 30+ days past due



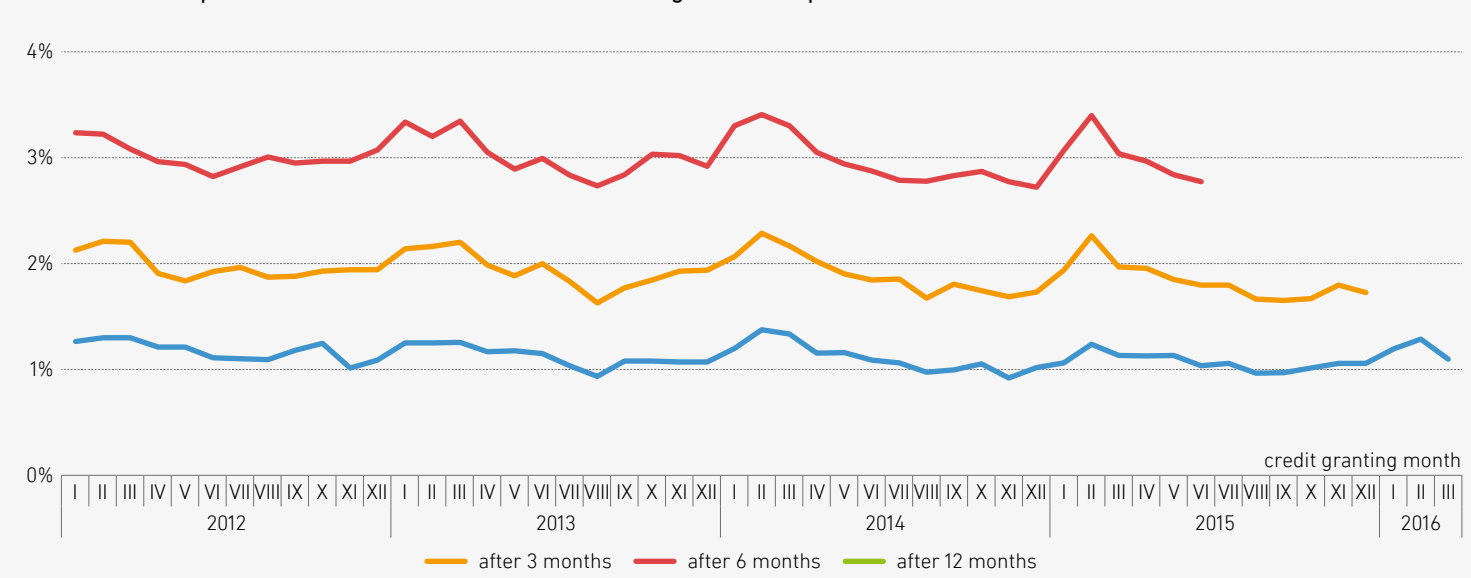
The quality of subsequent credit generations (status 30+)

Good and stable quality of consumer credits granted in the years 2012–2015.

The share of accounts serviced past due for more than 30 days in portfolios generated in 2012–2015 is at a stable level. The quality of portfolios generated in the first quarter of 2016 estimated here after 30 days for the first time appears to be similar to the portfolios generated in the years 2012–2015; however, like in the previous years, the

quality of portfolios from the first quarter is lower than that from the next ones (seasonal factor). About half of the accounts entering the 30 days past due status return to the status of regular servicing in the following month.

The share of 30+ past due accounts in the number of credits granted in a particular month



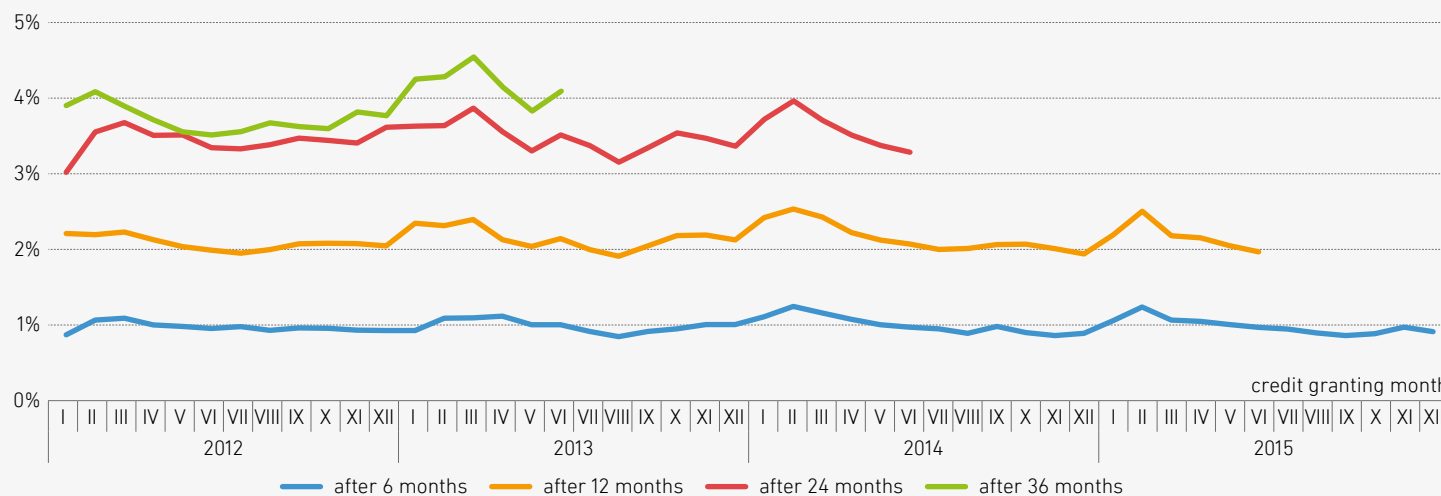
The quality of subsequent credit generations (status 90+)

Good and stable quality of consumer credits granted in the years 2012–2015.

The share of accounts past due for more than 90 days in portfolios generated in 2012–2015 measured in the twelfth month is at a stable level of 2%. In the subsequent, third year after granting the share of past due credits (years 2012–2014) grows by about 1.5 percentage points, in the fourth year the delay grows slightly. In (presently) 3-year portfolios, from the first half of 2014 the share of 90 days past due accounts

is at the level of 3.8% and is not likely to rise much in the following months. We may interpret this share as the final loss rate of the year 2014 and the previous years. Because the process of growth of past due accounts over time in the years 2013–2015 runs similarly (parallel lines in the graph), we may come to think that the final loss rate of the years 2014–2016 will not exceed 4% of the number of granted credits.

The share of 90+ past due accounts in the number of credits granted in a particular month



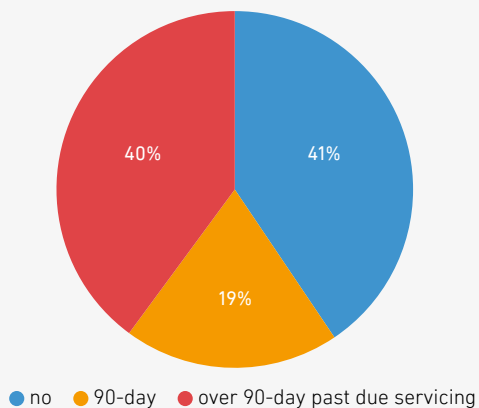
Past due borrowers in banks and loan companies

Customers of loan companies pose much more risk than bank borrowers.

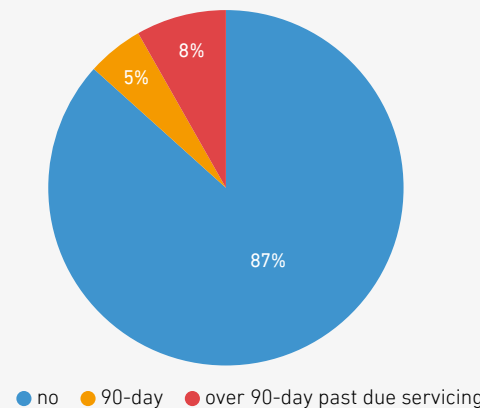
40% of people indebted in loan companies are seriously past due (more than 90 days) on at least one account. A similar loss rate is characteristic of the people who together with loans granted by the companies simultaneously service bank credits. A decisive majority of custom-

ers of loan companies (80%) simultaneously service a bank credit. Only 8% of bank credit borrowers are more than 90 days past due in servicing.

Customers of loan companies not indebted in banks. Share of people servicing liabilities past due.



People servicing bank credit not indebted in loan companies. Shares of people servicing credits past due.



Key findings

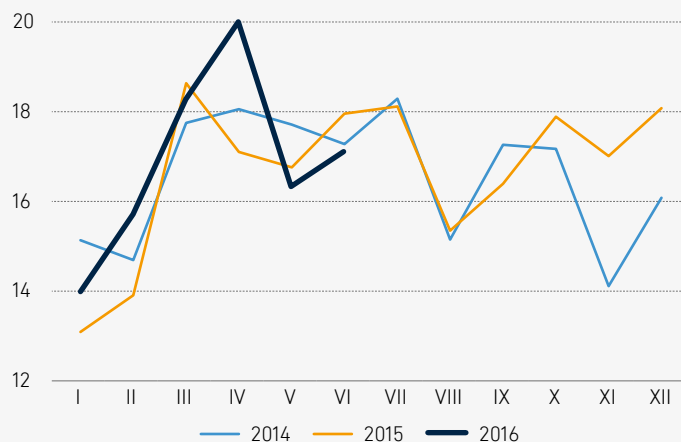
- In the first half of 2016 a high level of housing loan sales was retained, though in May and June the rises faded, compared to the previous year. In the whole half year there were 4.1% more credits granted in terms of numbers, 5.8% in terms of value, and the YoY figures for the 2nd quarter amount to 3.2% and 5.8% respectively. July (the data are not presented here yet) brought substantial declines in housing loan sales, partially as a result of fewer working days.
- The number of borrowers servicing housing loans and the amount of liabilities increase, but only in the zloty portfolio, in the currency portfolio it declines.
- An average amount of a granted loan is on the rise.
- The quality of the servicing of housing loans remains at a high level. Currency housing loans in the subsequent generations/years are repaid better than zloty loans, but the share of NLPs in the currency portfolio is on the rise due to the ceased foreign currency lending and in June 2016 it was higher than in the zloty portfolio.
- The data on the number and value of contracts concluded in May and June and also preliminary information about the sales in July may indicate the end of the phase of rise in the crediting of housing.

The number of housing loans granted

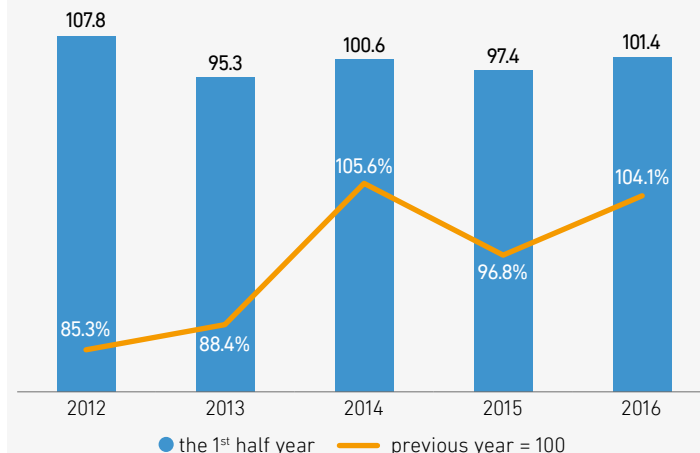
In the first months of 2016, till April, the number of housing loan contract was definitely higher than in two previous years. The May and June results appeared to be poorer. In May 2.5% less loans were granted than a year before and in June 4.7% less.

In the first half year of 2016 there was a decline of 4.1% in housing loans granted compared to 2015. In the 2nd quarter of 2016 the YoY dynamics was slightly lower (3.2%), and in May and June it was negative.

The number of housing loans granted monthly in 2014–2016 (in thousands)



The number of housing loans granted in the 1st half years in the years 2012–2016 (in thousands)

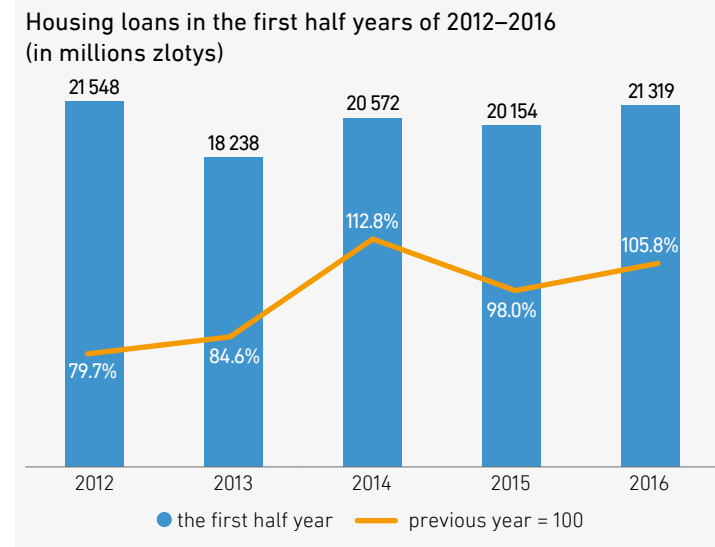
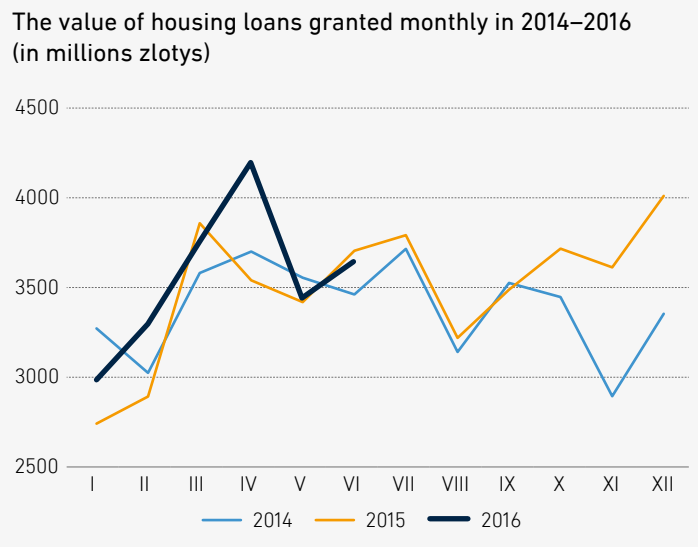


The value of granted loans

The value of contracts for housing loans concluded in the 1st half of 2016 was 5.8% higher compared to the first half of 2015. The sales in May and June 2016 were at the previous year's level.

The credit action in the segment of housing loans was pursued in the conditions of the regulatory factor volatility – the MdM programme fading, higher borrower's own contribution, uncertain prospects for currency portfolios, additional capital requirements and bank tax. There was some information from the developer market about increase in

flat sales. In the period January–April the sales of housing loans rose despite the regulatory uncertainties. May and June were poorer, in terms of value at the 2015 level. The value of loans granted in the first half year (of 21.3 billion zlotys) was the highest from 2012. Also the 2nd quarter, thanks to high sales in April, retained a high YoY dynamics.



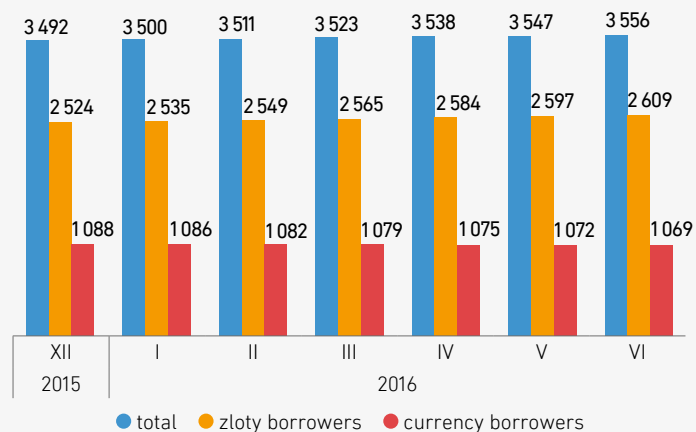
The number of borrowers, outstanding debt

The number of housing loan borrowers is on the rise, so are their housing loan liabilities.

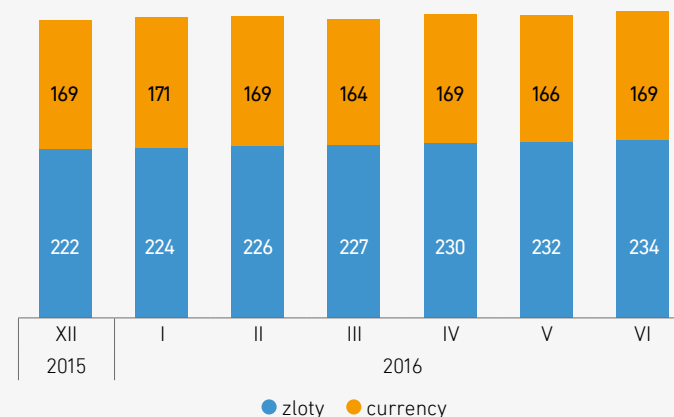
In June more borrowers serviced housing loans compared to December 2015. There was an increase of 84.7 thousand in the number of zloty borrowers and a decline of 19.5 thousand in the number of currency borrowers in this period. 122 thousand borrowers service zloty and currency loans simultaneously. There were 1.3 borrowers of this kind more than in December.

In June the indebtedness of bank borrowers on account of housing loans increased by 12 billion zlotys in comparison with December 2015. This increase occurred in the zloty portfolio, and the value of the currency portfolio converted into zlotys (169 billion) did not change. The Swiss franc went up in price between June and December by 0.13 zloty (3.3%).

The number of borrowers servicing housing loans in December 2015 and subsequent months in 2016 (in thousands)

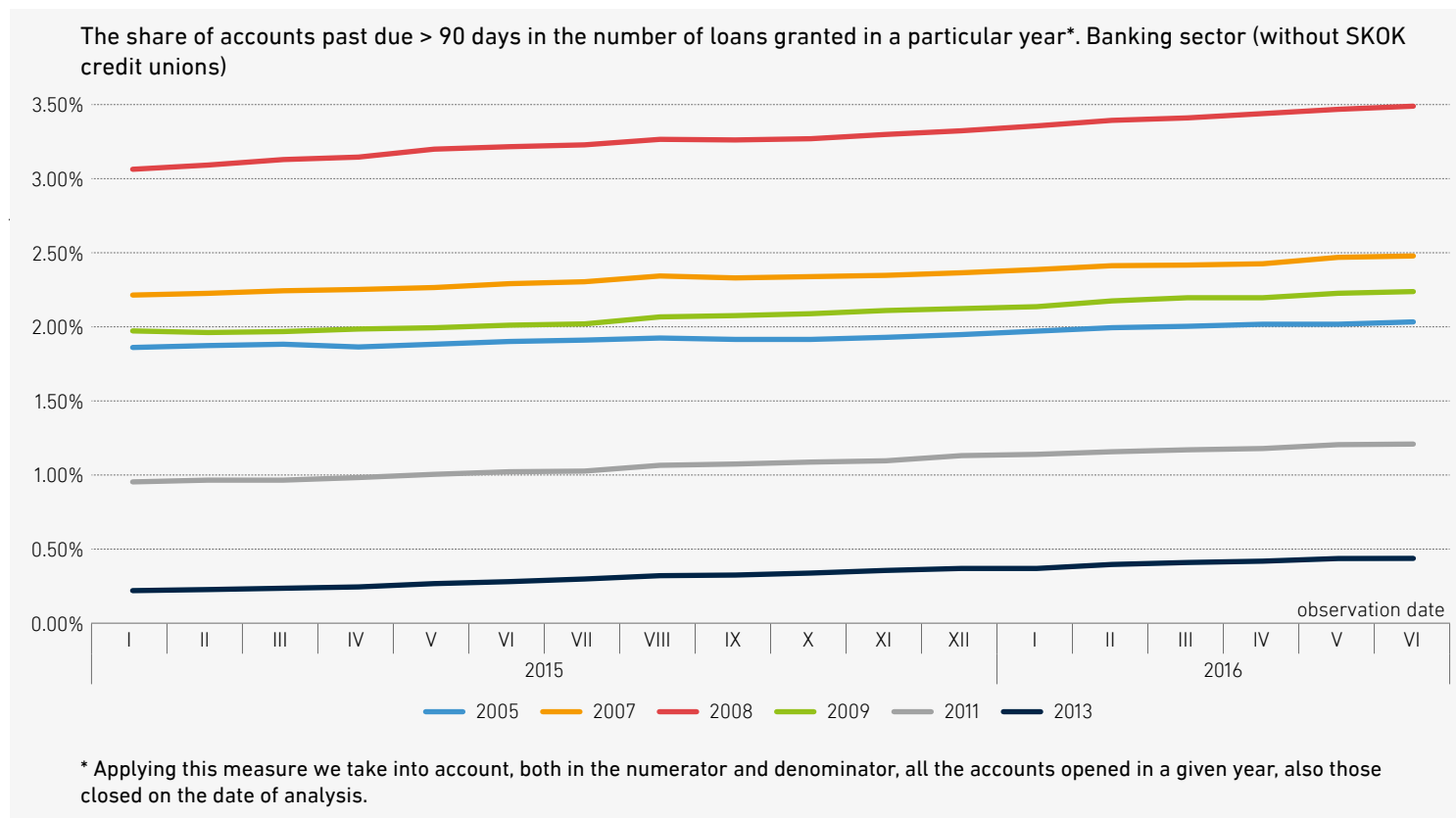


Housing loans outstanding debt, zloty and currency portfolios, in December and subsequent months in 2016 (in billions zlotys)



The quality of housing loans granted

Good quality of housing loans, in particular those from the post-crisis year.



The quality of granted loans – the rate of change

The weakest years deteriorate fastest.

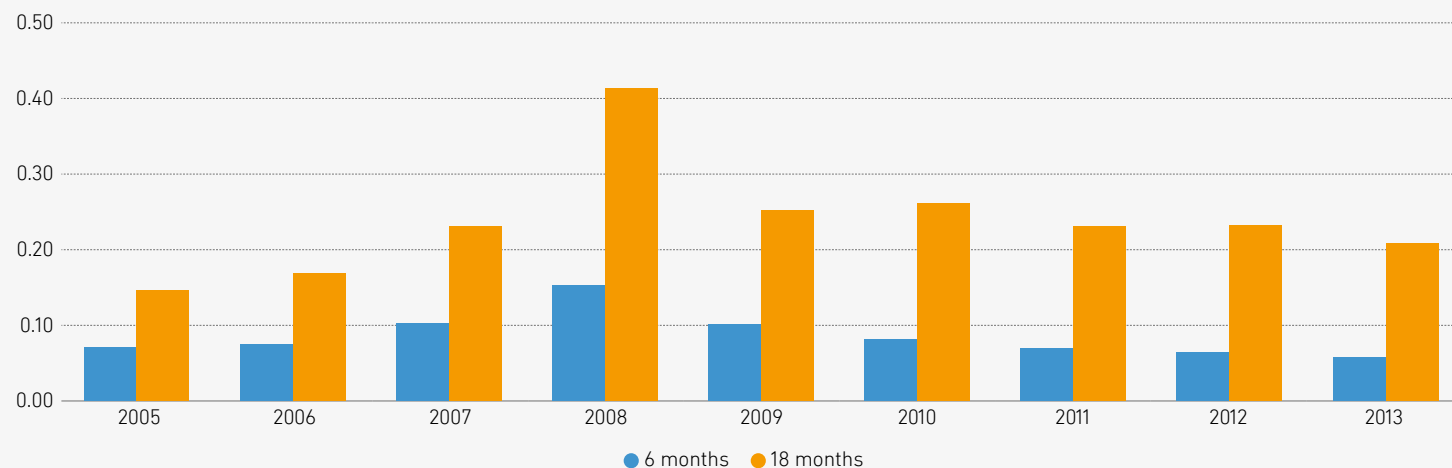
The portfolios from the years 2007–2009 do not only have the highest loss rate but also all the time the highest number of loans from these years enter the 90+ past due status.

From the worst year of 2008, in the last 18 months 0.4% of granted loans have entered the status of 90+. And within the oldest years

(2005–2006) in the last 18 months the increase in entries into the 90+ status was lower than in the “fresh” years (2012–2013).

However, it is too early to indicate the fading of the increase in past due servicing over time, as observed on the mature mortgage markets.

Increase (in percentage points) in the share of accounts past-due > 90 days in the last 6 months and 18 months in the years 2005–2013

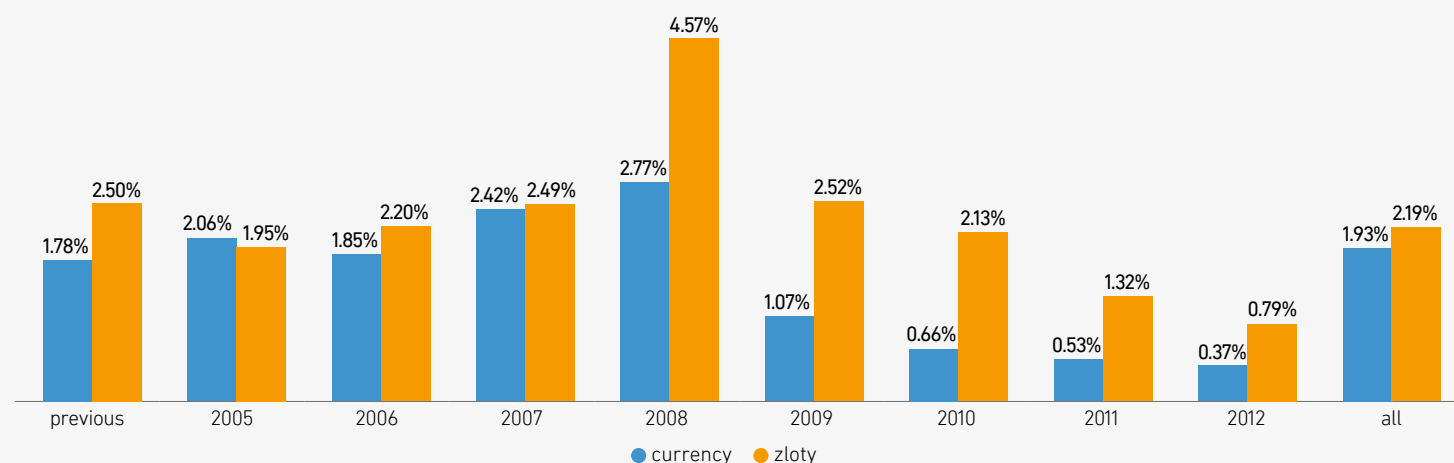


The quality of granted loans: the comparison of zloty and currency loans

The comparison of currency and zloty loans looks different depending on the adopted measure. In the graph below we measure the shares of 90+ past due loans in portfolios in June 2016 in the number of loans granted in a given year. In the numerator and denominator of this indicator there are also loans already closed in the regular status or past due in servicing. The number of loans granted and past due in servicing

in the currency portfolio is increased by the accounts converted into the zloty in the mode of debt recovery of restructuring of loans. The application of this measure indicates a lower loss rate of currency than zloty loans. It refers to all the years during which currency loans were granted on a large scale.

The share of loans past due > 90 days in the number of loans granted in a given year



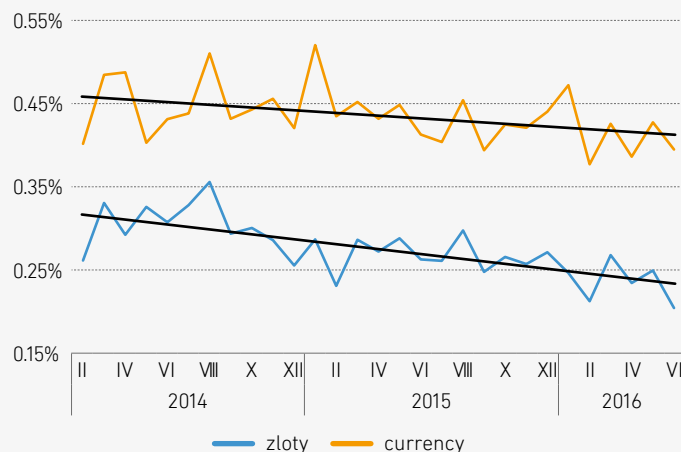
Accounts deteriorating their status of servicing

There is a decline in the percentage of accounts (in both currency and zloty portfolios) deteriorating their status entering the status of >30 days from the regular status as well as entries into the status >90 days.

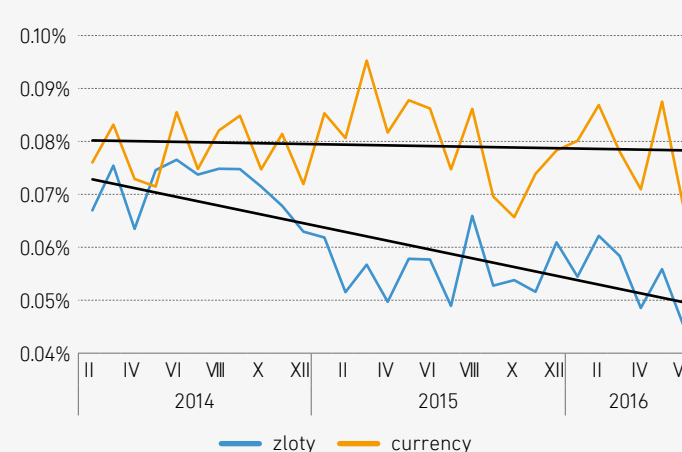
The number of currency accounts in use decreases in the bank portfolios, while the number of zloty accounts is on the rise.

The number of accounts referred to them entering the first past due status in a given month declines in both portfolios at a similar pace.

Entries into accounts past due > 30 days in subsequent months in 2014–2016 in the percentage of accounts in use in a given month



Entries into accounts past due > 90 days in subsequent months in 2014–2016 in the percentage of accounts serviced in a given month

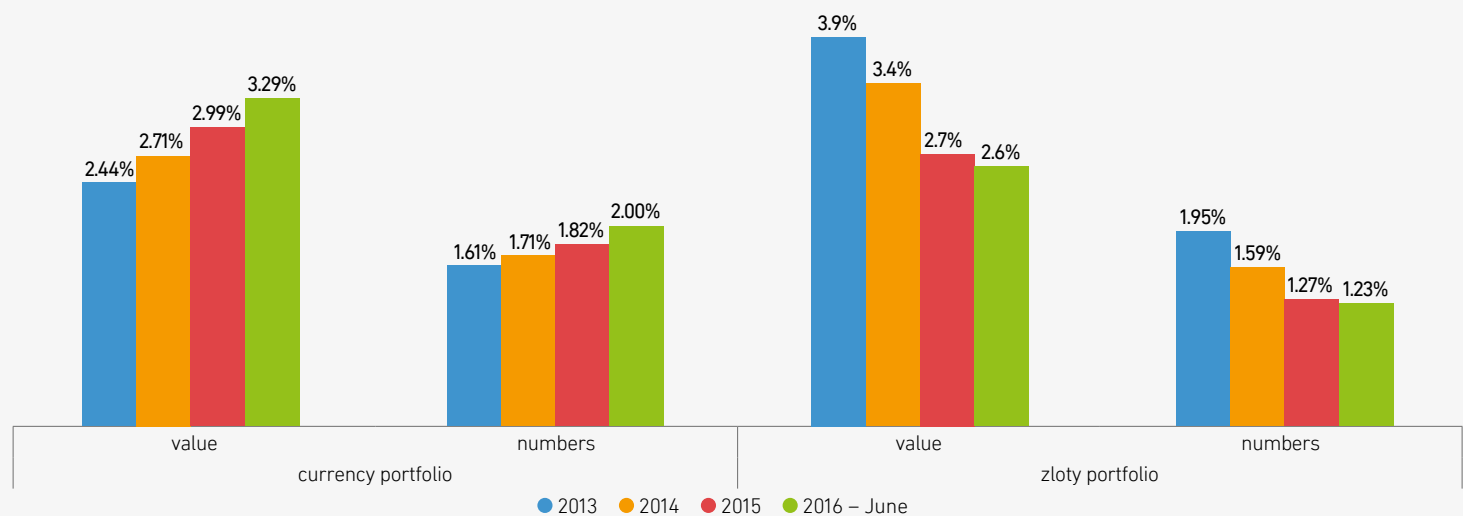


The quality of portfolios: the comparison of zloty and currency loans

From a balance perspective, the analysis of loans in use only (not considering the closed ones) indicates that the share of past due loans in the zloty portfolio in June 2016 amounts to 1.23% (with regard to the number of accounts) and 2.6% (the relation of balances on the accounts). In the currency portfolio the shares of past due accounts, calculated in this way, are higher: 2.0% and 3.29% respectively. Thus, the past due accounts have more weight now in the currency portfolio compared to the zloty portfolio. The

graph below shows the shares of 90+ past due accounts in use, and these shares in the zloty accounts declined in the years 2013–2016, unlike the currency accounts, where they rose. The comparison of the portfolio quality measured with its present state (accounts in use only) indicates a better health of the zloty portfolio compared with the currency portfolio. Currency loans are hardly being granted; thus this portfolio is getting old, which as a result causes the deterioration of the currency portfolio share indicator.

Share (in terms of numbers and value) of 90+ past due loan accounts in use in the zloty and currency portfolios at the end of the years 2013–2015 and in June 2016

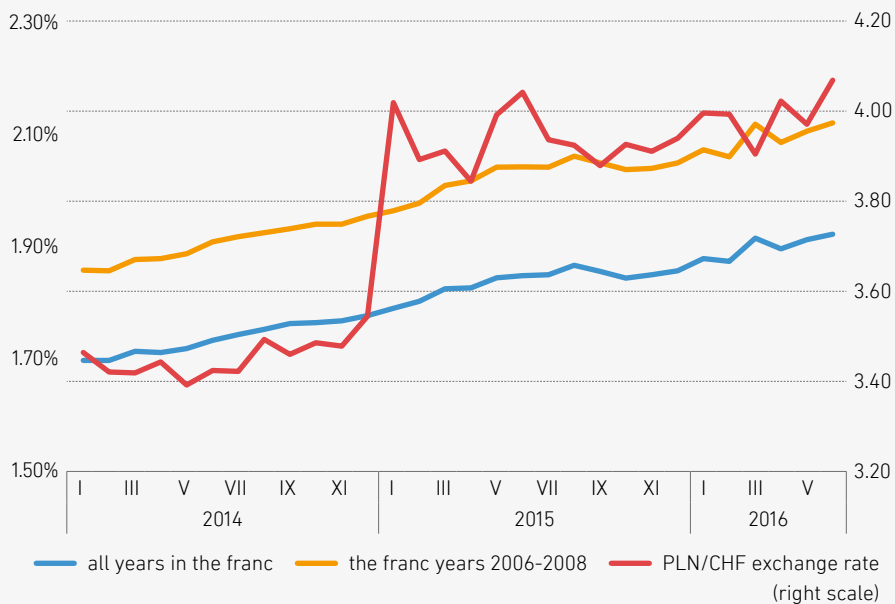


The quality of Swiss franc loans

Currency borrowers still bravely endure the weakening of the zloty against the Swiss franc in January 2015.

The shares of past due loans in the number of accounts opened in the Swiss franc (corrected by the debt recovery conversion) rose, after the floating of the franc at the beginning of 2015, over time linearly at the pace similar to 2014, when the franc exchange rate was stable. After the floating of the franc, its exchange rate was subject to fluctuations, but the rise in the rate as well as its later fluctuations did not have much impact on the share of franc accounts serviced 90+ past due. At present the franc is 20% more expensive than at the end of 2014. A negative Libor helped franc borrowers, but it was not of a great relief. The decline in Libor at the turn of 2015 amounted to 0.5 percentage point and not all the banks took this decline into consideration when calculating loan instalments.

Share of 90+ past due accounts in the number of accounts opened in the Swiss franc. Statuses in the subsequent months in the years 2014–2016 and the franc exchange rate in this period



Key findings

- Strong declines in the issuance of credit cards continue, also the number of credit cards in use declines, though not so strongly. The number of newly concluded contracts in the first half year was 9% lower YoY, but the amount of limits on the opened cards was only 1.5% lower. It indicates a rise in an average amount of limit on a newly opened credit card.
- In the first half year there was a slight rise in the number of credit card holders despite a decline in the number of card accounts in use. The rise in the number of people using their cards (active users) was more significant and higher in the first half year.
- There is a falling percentage of customers beginning their credit relationship with the bank from the opening of a credit card account. Only about 30% of customers opening a card account have not had another credit in the bank issuing the card. Most banks seem to limit signing credit card contract with unknown customers, focusing on the current reliable borrowers.
- In the second half year we expect further declines in the issuance of credit cards. We also expect banks to continue focusing on their reliable customers, which should cause higher card limits and a slower decline, or perhaps even a growth, of the number of card holders, especially active card holders.

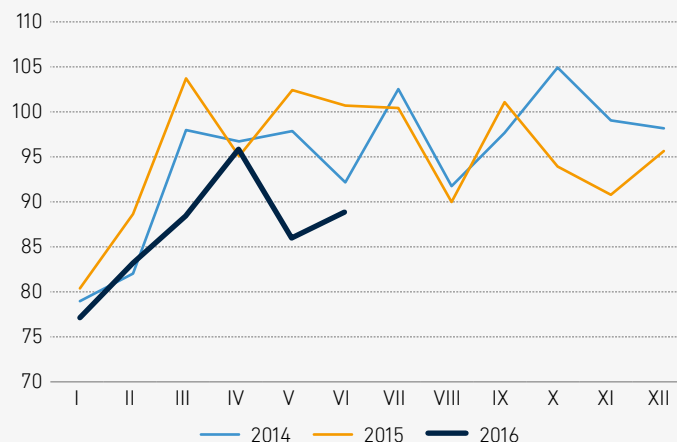
The number of credit cards issued

A decline in the number of newly opened credit card accounts continues.

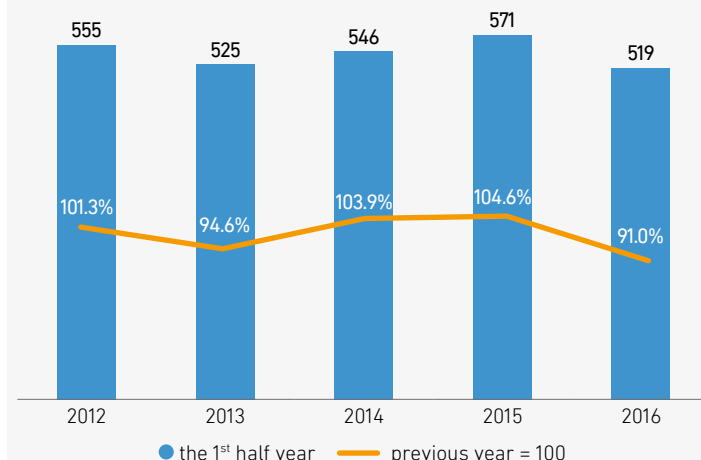
In the 1st half of 2016, only in April the number of credit card contracts signed was similar to last year's. In May and June the declines sped up. In May 16% card contracts less were signed, in June 11% less (YoY). We think that in the second half the issuance of credit cards will be at the level similar to the that in the first half, i.e. 90,000 accounts monthly on average.

In the first half banks opened 519,000 credit card accounts. It is the lowest level in 10 years. In 2005 486,000 credit cards were issued. 2008 saw a record of 1,433,000 contracts. In the following years the card issuance was on the decline. A temporary, light rebound within a generally downward trend occurred in the first half years of 2014 and 2015; and in 2016 the declines returned.

The number of credit cards issued monthly in 2014–2016 (in thousands)



The number of credit card accounts opened in the 1st half years in 2012–2016 (in thousands)

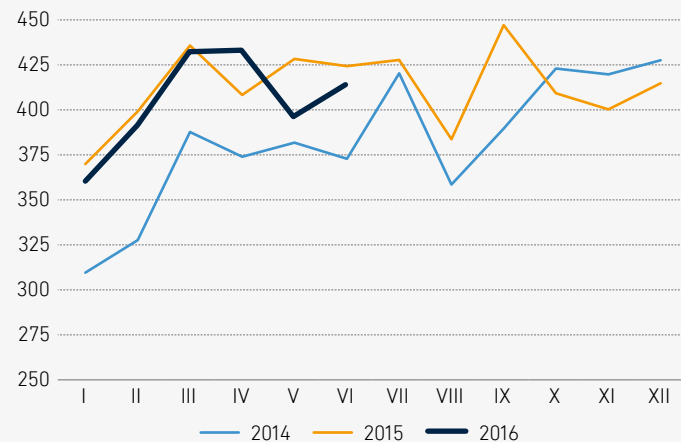


The value of credit card limits granted

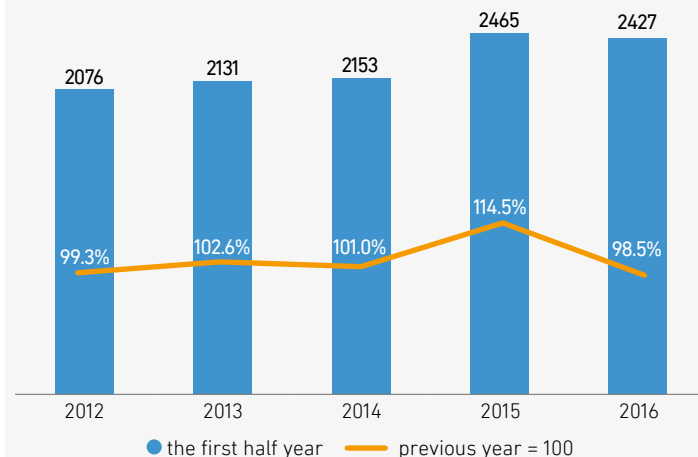
The declines in the issuance of credit cards in terms of value (limit amounts on newly opened accounts) are considerably lower than in terms of numbers. The limit amounts on accounts opened in the 1st quarter were only slightly lower than a year before, and in April even higher. In June the amounts of granted limits amounted to 414 million zlotys (the decline of 2.4% YoY), in May 396 million (a decline of 7.5%), by 2.6%. In March alone a yearly dynamics amounted to -2%. Fewer cards are being issued, but the limits on them are higher.

The issuance of credit cards measured with the value of limits of the opened accounts looks much better than when measured with the number of opened accounts. In the 1st half of 2016 the amount of granted limits (2 427 million zlotys) was only 1.5% lower in view of a 9% decline YoY in the number of cards issued. But the average limits on the opened credit card accounts grow.

Limit amounts on credit card accounts opened monthly in 2014–2016 (in millions zlotys)



Limit amounts on credit cards accounts opened the 1st half years of in 2012–2016 (in millions zlotys)



Credit card holders

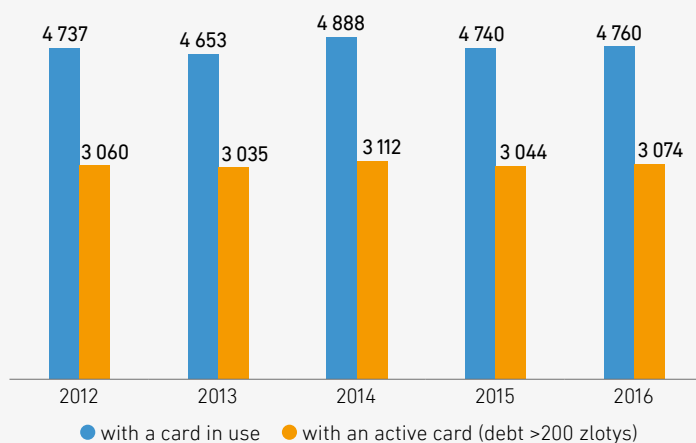
Despite the decline in the number of accounts, the number of credit card holders increased. Importantly, the number of active account holders also increased.

In the first half year of 2016 the number of credit card holders increased for the first time in two years, though by only 0.5%. A slightly higher increase (of 1.0%) refers to the customers who use the cards they possess (with a credit balance on their cards).

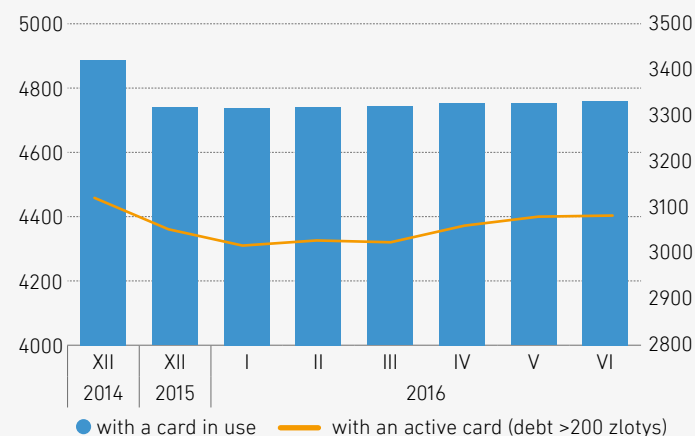
The increase in active credit card holders is a new phenomenon. It occurred in the second quarter; we do not know whether the increases

will prove durable. So far the downward trends of the number holders of active card and cards in use have been similar. 65% of card holders have a balance on their account of above 200 zlotys, which we call active accounts. Since December the percentage of active card holders has risen by 1 percentage point.

The number of credit card holders in December in the years 2011–2015 (in thousands) and in June 2016



The number of credit card holders and the number of active card holders (right axis) at the end of 2014 and 2015 and in 2016 (in thousands)



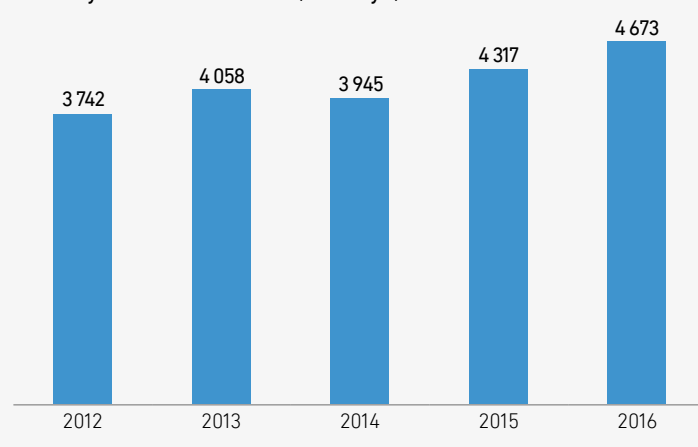
Limits on card accounts and their utilisation

Average limits on the newly opened credit card accounts are growing, so are the limits on accounts in use. In the 1st half year the degree of utilisation of limits by credit card holders grew, after a long period of decline.

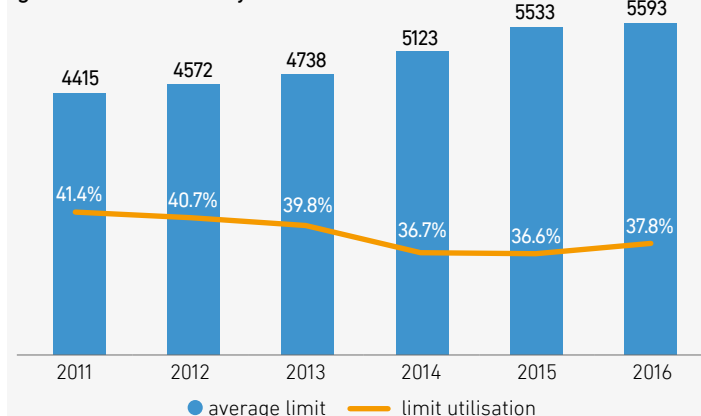
Strong declines in the number of credit cards issued, with the amounts of granted limits kept at a similar level indicate a growth in an average limit amount. There is an important change in the strategy of card issuers behind this arithmetic relationship. Most of them seem to offer the product primarily to the reliable customers they know.

An average limit on accounts in use is higher than that on the newly opened accounts, by 20% in the first half year. Lower limits are granted on the newly opened accounts. These accounts are also closed sooner. In June credit card holders made use of 37.8% of the credit limit granted to them, which means a growth in comparison with December. A turn in the current downward trend?

An average limit on a credit card account opened in the 1st half years in 2012–2016 (in zlotys)



An average limit on a credit card account in use in December in 2011–2015 and in June 2016 and the relation of debt to the granted limit (in zlotys)

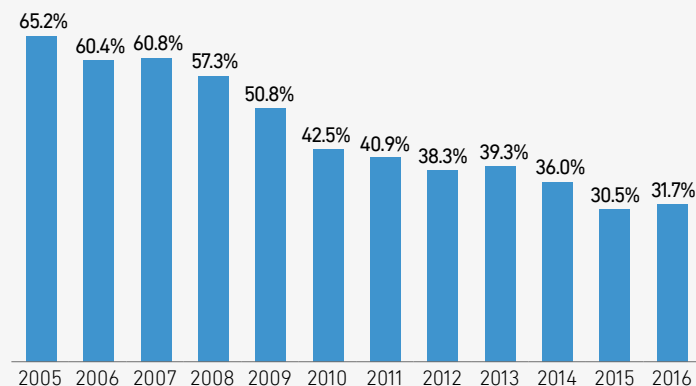


New phenomena on the credit card market

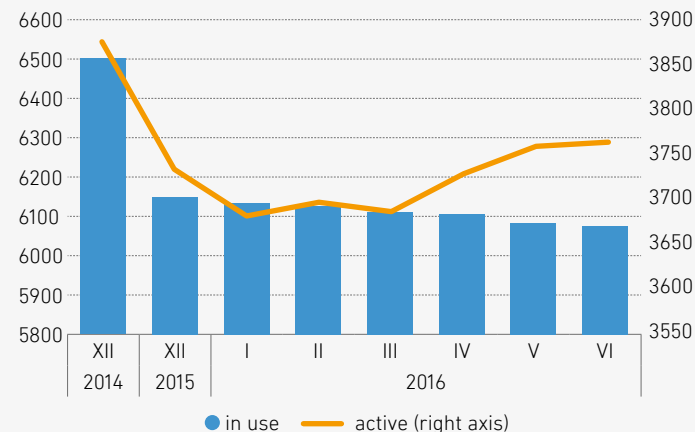
10 years ago two thirds of people opening their credit card account did not have any other credit relationship with the card issuer, and probably they often did not have an account in this bank either. In the strategy of some banks, it was the card that was to start building the relationship with the customer. The share of people who began their credit relationship with the bank with obtaining a credit card systematically decreased over time. At present only about 30% of cards are issued for such customers, though in the first half year their percentage compared to 2015 slightly increased.

Five years ago, at the end of 2011, Poles had in their wallets nearly 7 million credit cards, 4.3 million of which were active (with credit balance of >200 zlotys). In June 2016 there were 6 million cards, 3.8 million of which were active. In the second quarter the decline in the number of cards in use continued, but the number of active cards increased. It is too early to conclude that there is a change of the way cards are used by the holders (more active). Previously, there were also temporary increases within a generally downward trend in the number of active cards.

The share of customers not being bank credit customers in those who were granted credit cards in 2005–2016



The number of credit accounts in use and active credit accounts (with credit balance of >200 zlotys) at the end of 2014 and 2015 and in 2016 (till June) (in thousands)



CREDIT TRENDS Credit Information Bureau Quarterly Report

Developed by the Business Intelligence Department at the Credit Information Bureau.

Any comments or questions concerning this publication are to be addressed to Sławomir Grzybek (tel. 22 348 4240) or Andrzej Topiński (tel. 22 348 4269) or mailed kredyttrendy@bik.pl.

Graphic design: Pracownia Register

Cover photo: www.fotolia.com

The statistical information presented in the material results from the current state of the BIK database, which is based on the data provided by financial institutions. The data collected in the BIK database may be updated by the financial institutions that own them. BIK claims that such an update may also include historical data that have already been published, which may cause a change in the value of historical data. BIK makes every effort to make the data used in preparation of the publication complete and up-dated, but may not be held responsible for business decisions based on this information.

All rights reserved.

This publication is protected by copyright laws. All authors' economic rights to the materials contained in the CREDIT TRENDS report belong to BIK S.A. Any use thereof, understood as disseminating, copying, modifying, distributing, transmitting, publishing and presenting, in whole or in part, requires the disclosure of information that BIK S.A. is the source.

