

Poland

Poland continues to be well served by both domestic and foreign banks, with surveyed banks accounting for 70 per cent of the country's total banking assets (Chart 1).¹ In line with Central Europe and the Baltic States (CEB), nearly 75 per cent of banks in Poland expect their branch network to shrink over the next five years (Chart 2).² This is much higher than in the EBRD economies, on average, where just under half of banks expect their branch network to decline.

While climate change risk is not an explicit part of risk management for most banks in Poland, more than 60 per cent report having clear environmental, climate change and social policies and targets. On undertaking environmental, corporate governance and climate change-related impact assessments prior to lending to small and medium-sized enterprises (SMEs), banks in Poland are on par with or slightly ahead of their CEB and EBRD economy peers, on average (Chart 3). They lag, however, on conducting social impact assessments.

Poland's banking sector is among those leading the way in terms of extending loans to the residential sector for the specific purpose of improving energy efficiency. Eighty-five per cent of Polish banks currently provide such loans, compared with 70 per cent and 56 per cent, on average, in the CEB and EBRD economies, respectively (Chart 4).

Chart 1 Branch presence of surveyed banks

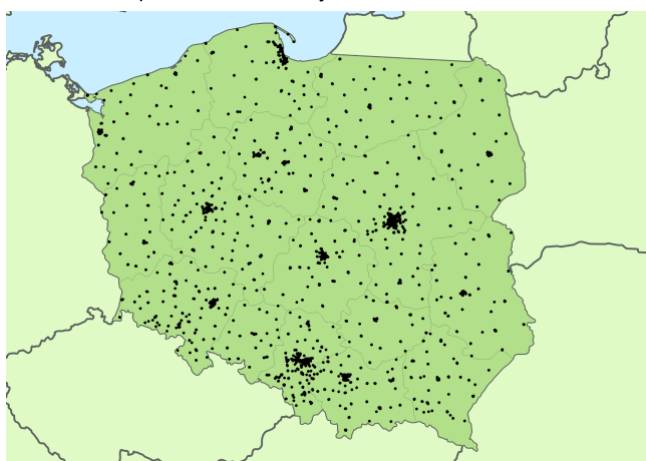


Chart 2 Branch network expectations, next five years

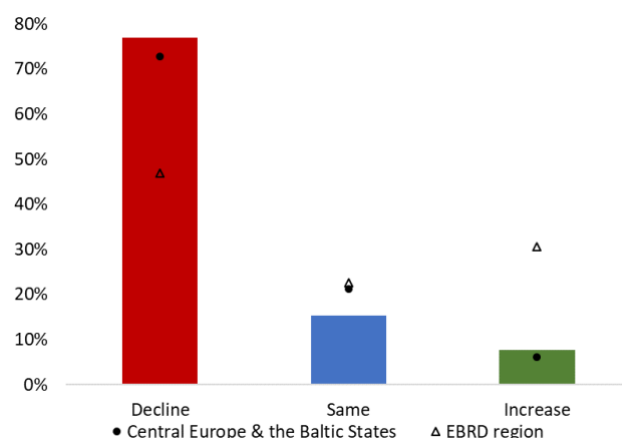


Chart 3 Impact assessment of SMEs before loan approval

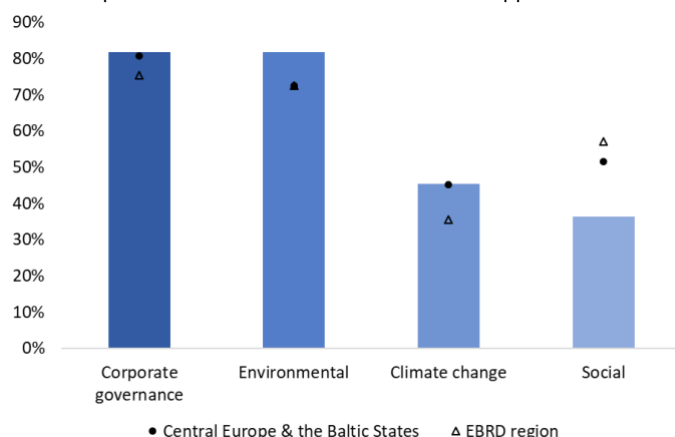
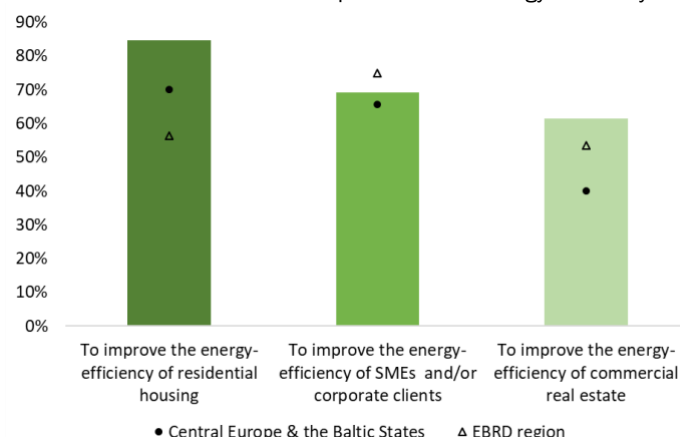


Chart 4 Prevalence of loans to improve clients' energy efficiency



¹ The total banking assets of the surveyed banks are almost evenly distributed between foreign and domestic banks.

² Bars in Charts 2, 3, 4, 7 and 8 refer to the percentage share of banks in Poland.

When it comes to the use of digital technologies, more than 75 per cent of Polish banks view corporate lending and supply-chain/trade finance as the businesses with most to gain from fintech (Chart 5). In the retail lending sphere, a majority of Polish banks view fintech as both an opportunity and a threat. Perceptions are more divided in the EBRD regions, on average, where more than 40 per cent of banks view fintech as a retail-lending opportunity and half of banks cite it as both an opportunity and a threat.

Polish banks are also leading on the uptake and use of digital technologies (Chart 6). Around 70 per cent of banks surveyed say they already use biometric authentication for customer identification and cloud computing. In addition, the majority of Polish banks are piloting or have commercially launched digital wallet solutions, algorithms to improve credit decision-making or alternative credit-scoring data sources. Mirroring this enthusiastic uptake of digital technologies, online applications for lending to SMEs are accepted by 64 per cent of Polish banks – some 15 percentage points higher than the average for banks across the EBRD regions.

Although Poland is at the forefront in terms of digital technology use, 77 per cent of Polish banks cite concerns about information technology (IT) security and regulatory uncertainty in the fintech space (Chart 7). In addition, they cite concerns about financial constraints and difficulties in identifying and establishing links with fintech companies more frequently than their CEB and EBRD peers, on average. Poland has the highest share of banks in the CEB economies that say they would like to invest more in fintech companies, but are financially constrained.

In general, a lack of sufficient collateral and loan officers' lack of skills in evaluating credit risks are two of the three most often reported constraints faced by Polish banks when lending to innovative, research and development-intensive industries such as IT, chemicals and pharmaceuticals. This is higher than in the CEB or the EBRD regions, on average (Chart 8). Borrowers' lack of sufficient collateral is the main constraint for a third of Polish banks, though fewer than 20 per cent of banks in the CEB economies identify this issue as a major limitation.

Chart 5 How fintech will affect banks' business lines

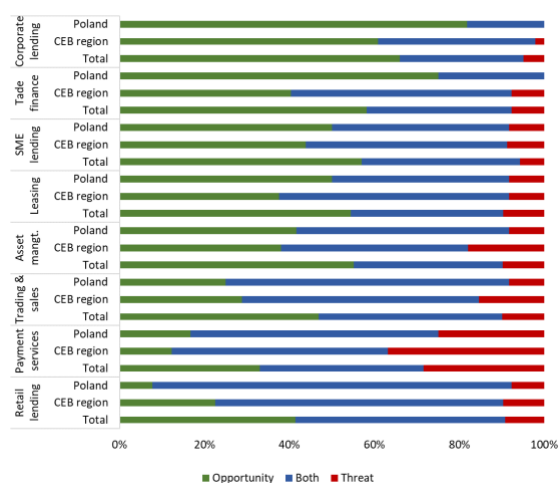
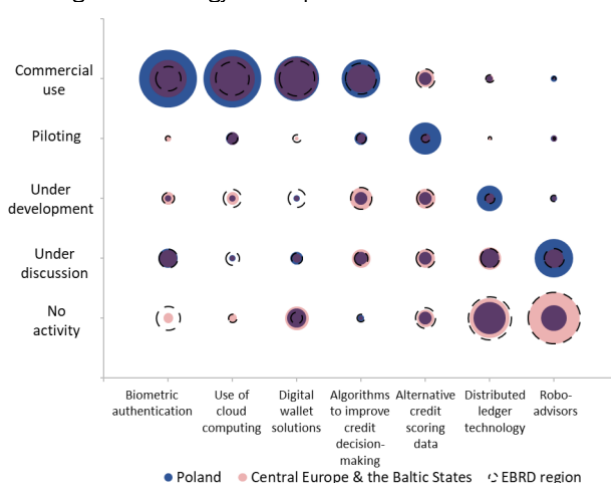


Chart 6 Digital technology development and use



Note: For each digital technology, the size of the bubble is proportional to the share of banks that report using the technology at that level of advancement.

Chart 7 Concerns related to digital technologies

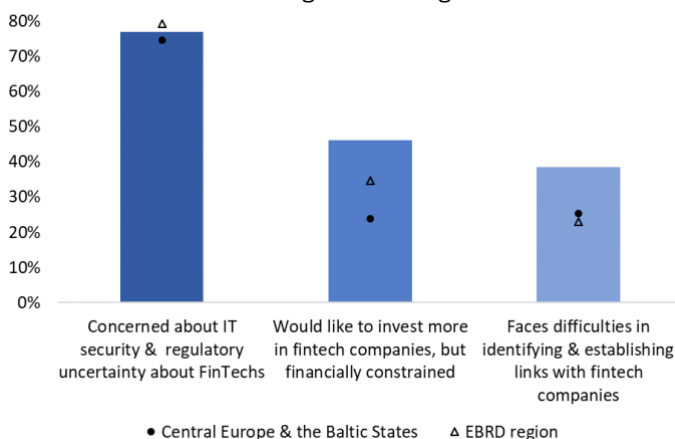


Chart 8 Constraints on lending to innovative industries

