

**T. Trębacz**

Cracow University of Economics, Rakowicka 27  
31-510 Cracow, Poland  
e-mail: [tadeusztrebacz@onet.pl](mailto:tadeusztrebacz@onet.pl)

## **THE PROBLEM OF FINANCIAL COVERAGE FOR CONSTRUCTION CONTRACTS**

**Summary:** Public procurement is an indispensable element of development even in the concept of economy or city development. The financial issues related to construction contracts are very much connected with each other, for example because of its feasibility. The investor taking actions aimed at the realization of a long-term investment is obliged to properly prepare the necessary tools for its realization. At the present time, the main problem that investors have to face is the financial problem connected with covering expenses related to this investment with money. Taking into account this very significant factor of the investment's success, the author has attempted to examine the links between construction orders and the financial issue, and more precisely the financial liquidity, i.e. the organization of the necessary capital. The article presents the theoretical approach to finance, financial management and the aspect of financial liquidity. The second part will present the context of construction contracts. The empirical part is devoted to the

analysis of secondary data concerning the economic and financial situation of borrowers in the Polish banking system.

**Key words:** Construction orders, risk, money, capital.

## **Introduction**

The problem of insufficient financial resources by the contracting authorities is a key element of the whole process. The lack of appropriate adjustment of the issue of financial resources and financial capabilities to the realization of investments in the form of construction contracts is very important from the financial point of view. From the point of view of the future investor a dilemma arises, which may result in rejection of the project. Otherwise, the investor, by raising an appropriate amount of funds for the construction project, is protected against unfavorable scenarios, e.g. against the cessation of the investment. Absorption of appropriate funds is very often connected with subsequent decisions on the use of external or internal funds of a given unit. Appropriate use of the funds depends on the decision maker and the financial, leadership or analytical capabilities, the final goal of which is to bring the investment to completion.

### **1. The concept of finance**

The concept of finance in the literature is very often used due to the interdisciplinary nature of the term, which is considered in various aspects and fields. Most often a common contribution to the field of finance is made from economic, political, social and legal sciences. This state of affairs has its justification in the global changing reality. Nevertheless, there is mostly one common denominator related to the

phenomena and processes in the monetary measure trade. The denials of the natural economy, for example, should also be noted. This is an example of the functioning of a society without the use of money as a measure of value, thus in this case it cannot be classified as a financial phenomenon.

In the general sense of the term "finance," it refers to a monetary phenomenon and processes. From an economic point of view, however, it is understood as financial phenomena consisting in the function of the thesaurization and redistribution of money.[ Majchrzycka-Guzowska, 2011, p. 13 ]

In turn, D. Korenik and S. In their book, the Proofreader presents the notion of finance as a field of science dealing with the study of a specific element of reality based on money and the formulation of specific theorems and laws based on the results obtained.[ Korenik, Korenik, 2004, p. 13 ]

In order to make the interdisciplinarity of the phenomenon of finance more comprehensive in the light of relations with other fields, it will be presented in the form of a table.

Scientific discipline	Content and scope
Economics of finance theory	Discipline that studies the nature and content of financial phenomena and their role in the economy and society.
Economics	Political economics, theoretical science of laws, regulations, and relationships between the various elements of the economy are at the forefront. Macroeconomics is the science of allocation of resources of the economy as a whole.
History (finance)	A discipline that studies phenomena over time and seeks dependencies. Binding regularities to more

	general economic phenomena.
Sociology	Science investigating social conditions, the effects of money and financial problems in society.
Psychology	Science investigating the rationale and effects of reactions of financial relations entities in the financial decision-making process
Statistics	It collects and processes figures on financial reality
Strategic management	Knowledge about the preparation of systems to guarantee the smooth functioning of the farm unit in a constantly changing environment.

**Table 1.** Relationship of the financial sciences with other disciplines

**Source:** D. Korenik, S. Korenik, *Podstawy finansów*, Wydawnictwo Naukowe PWN, Warsaw 2004, p.14.

Such anchoring of the field of finance in other scientific disciplines gives a wide spectrum of possible analyses and deeper knowledge of their specificity.

### 1.1 The origin of money and its essence

The concept of money is very broadly understood in the literature. Taking into account the gradualness and evolution in this sphere, it can be assumed that the definition of the concept of money has changed throughout history. The level of evolution and the development of technology in individual economies had a great influence on this aspect. The origin of the current money was the natural economy. The exchange that took place at that time had the character of barter, that is, exchange of goods for goods.[ Dobosiewicz, 2007, p. 17] The characteristic feature of money in that period was the equivalent of the most frequently and most willingly exchanged goods. Money at that time was usually grain, cattle,

leather and salt. The goods were exchanged for goods, taking into account their exchange value for another equivalent. Later on, the role of exchangeable goods was assumed by precious metals, so called "bullion" in the form of gold and silver, thus moving from natural economy to market. The characteristic feature of the money at the time was its durability, divisibility and small volumes. For transactions, bullion in the form of bars of gold or silver was used, which was each time weighed and tested. Obligations were regulated by precisely measured weight and quality of a given ingot. [ Marciniak, 1995, p. 418 ]

This was burdensome because of the heterogeneity of the bars used and, consequently, their value. In order to standardize the units of bullion in the economy was used for the first time, as history tells us in Egypt in three thousand years B.C.[ Korenik, Korenik, 2004, p. 35 ]

Coins were used for this purpose, which were made from a piece of bullion determining its value. The technique of hammering was used to create a specific shape, hence the concept of "beating money".[ Podstawka, 2017, p. 52 ] In this way, it was given a specific size and shape by punching the appropriate embossing of the weight and the test with confirmation of the issuer's stamp. The Temple of Juno Coin was one of the largest institutions at the time, which introduced "whipped money" into circulation, giving the origin of the word "coin".[ Korenik, Korenik, 2004, s.36.] This type of money greatly facilitated transactions between sellers and buyers. Making the payment was limited to the conversion of the amount of money units without checking their weight or sample. [ Marciniak, 1995, s. 418.] In the literature on the subject you can find a division of the monetary system in which there is only one type of bullion such as only gold or only silver called monometalism. The use of

two precious metals in the payment system was called bimetallism. These assumptions were used for a long time because they were considered to be the best reflection of the purchasing value of money. The policy of full value bullion in coins came to an end when some countries disposed of their own gold to others by buying coins from a given country and replacing them with counterfeit money with a small element of bullion. This situation forced the central banks and these mints to introduce into circulation the subvalued coins, whose "minting" was made of cheap metals that did not reflect their value. Full value coins were thesaurized in their place. The purchasing power of these coins was unchanged in relation to the previous ones so it did not affect the functioning of the financial system of the countries. [ Marciniak, 1995, p. 418 ]

The literature of the object states that the successors of the aforementioned Temple of Juno Coins were ordinary goldsmiths, who at first dealt with melting them, but due to the features of the coins and the desire for profit, they transformed their business profile into a "money trustee". At that time, their activities were largely focused on accepting gold in the form of coins and issuing so-called "depository receipts", which were the goldsmith's obligation to immediately return the gold on demand of the bearer of such document. The main clients of goldsmiths were merchants. The coins were, for the reality of the time, a little bit outdated. The greatest difficulties of these people in their profession were the characteristics of coins such as weight, volume, which made it difficult for them to operate efficiently and exposed them to numerous robbery attacks. The cure for these difficulties were the depository receipts introduced by goldsmiths in the Middle Ages, which slowly began to push coins out of circulation because of the convenient form of paper obligation of the banker to the bearer. The use of depository

receipts in practice played the role of paper money. The use of this type of money affected the safety of merchants and their efficiency, which resulted in a significant development of this type of liability settlement. The modern goldsmiths sitting on the benches, i.e., in Italian, "the bench" dealing exclusively with accepting gold coins and issuing deposit certificates on their basis, and charging interest for the property entrusted to them started to undertake credit activity. It consisted in issuing additional depository receipts as bills of exchange, i.e. a loan in the form of a bill of exchange to people without their own contribution from a hammer. The activity of these people at this point can be considered as the genesis of current banking and goldsmiths as bankers. Money at that time began to play a financial role in the form of a bank note giving rise to the concept of a bill. The modern bankers, in their desire to make a profit, issued large amounts of uncovered depository receipts completely uncovered. It should be noted that a larger amount of money in circulation undoubtedly influenced the development of trade. However, there are negative effects of overheating this economy. The problem was the lack of liquidity of bankers in making payments on demand in gold coins. The depository receipts issued for a value much greater than the one physically accumulated in gold posed a great threat to the banking sector at the time, which in practice led to the collapse of many bankers and loss of trust for gold trustees. The banks that broke the crisis only through a more restrictive credit policy grew to be the largest banks with the greatest customer confidence. Very often these banks were transformed into central banks as the basis of a well-functioning financial system in a given country.[ Podstawka, 2017, p. 51-52]

In the twentieth century, the money completely lost its coverage in gold. In the present form, the money appears in the monetary form, i.e.

banknotes and coins and in the non-cash form in the form of giro or contribution money appearing in the form of an accounting entry. The most frequently used money nowadays is its electronic version. The instruments of non-cash trade are usually payment cards, credit cards, mobile payments.

The payment cards used nowadays in transactions are the next stage of development of this technology which took place during the history. Starting from the introduction of precious metals in the form of bars, through minted coins, depositary receipts, bills of exchange, bills and coins to money in electronic form. Money had a certain purchasing value but its physical form changed. The substitutability of forms of money in the literature of the subject that took place in the space years was described by M. Copernicus and T. Greshama when he said that "worse money pushes better money out of circulation". [ Korenik, Korenik, 2004, p. 36]

The concept of money in contemporary literature is very widely defined by researchers. The term money can therefore be defined today as a "product of power" of the legal system, i.e., a means of payment that was legally available in a given territory for the settlement of public-law liabilities. This product is a particular type of goods that is generally accepted by the economy and also has a legal position as a full-fledged means of payment.[ Szewczyk, Kraków 2011 nr.2 ]

The concept of money is presented in two ways. The first approach says that there is a commonly accepted financial instrument by means of which settlements or payments are made.[ Baka, 1998, p. 42 ]

The second way of definition speaks of a commonly acceptable means of payment that can express, transmit and store a value that is closely related to gross product. [ Schaal, 1996, s.26.] However, the term

defined in terms of functions can be defined as any asset used to purchase goods and services. Commonly, money is identified as "cash" with the highest liquidity. [ Krugman, Wells, 2012, p. 406]

Contemporary money should be characterized by the following features: [Owsiak, 2002, p. 117]

- the state
- paper
- secured by goods and services
- credit
- does not require the cost of conversion into goods or services.

The most important aspects of money include excellent liquidity and a socially recognised means of settling all obligations.[ Dobosiewicz, 2007, p.23 ]

## **1.2 Forms of capital**

The approach to the organization of financial capital in the investment process refers to the issue of appropriate accumulation of financial resources over time and the expenses due. Accumulation of financial resources for a specific investment from the investor's point of view refers to the analysis of own financial capabilities with real demand. If the demand for investment expenditure is fully satisfied with the investor's own contribution, at this stage of the analysis the investor moves to the next stage of the decision-making process, which in this case refers to the decision to start or stop the investment. The decision problem arises in case of insufficient amount of own financial resources to cover all investment obligations. In such a case the decision-maker must make a prudent decision on the use of foreign capital. Foreign capital is mostly

bank loans granted for a specific purpose. In the previous section the concept of money, its origin and evolution were discussed. Nowadays, "goldsmiths" are banks granting credit on certain principles. These financial institutions to some extent enable their clients to achieve their goals, very often it is the purchase or construction of real estate.

The bank, by its characteristics, is a financial institution dealing with financial intermediation, transformation of money and risk, at the same time conducting deposit and credit activity, which obliges the bank as an institution of public trust. [Miklaszewska,2003, p. 57]

One of the most important legal powers of the concept of a bank is the "Banking Law". According to the Polish law, the term "bank" as "a legal person established in accordance with the provisions of the Acts, acting on the basis of permits authorising the performance of risk-bearing banking activities of the funds entrusted under any kind of a return title". [Act of August 29, 1997 Banking Law, Journal of Laws. 1997 No. 140 item 939 with later amendments, art. 2.]

The main activities that the above mentioned financial institutions face include: [ The Banking Law Act of August 29, 1997, Journal of Laws. 1997 No. 140 item 939 as amended, art. 5.]

- maintaining bank accounts
- acceptance of cash contributions
- borrowing
- granting bank guarantees
- issue of bank securities
- conducting bank monetary settlements
- performing other activities reserved exclusively for the bank.

Taking into account the size of the work as well as its purpose and character, the author will focus only on granting loans by banks. In the case of bank loans, the operations are referred to as active in the accounting nomenclature. The main activity consists in granting credits, i.e. making a certain amount of money available to the borrower for a given purpose and date. [Miklaszewska, 2003, p. 59] In other words, it is a kind of agreement between a borrower and a financial institution which can grant a loan, i.e. a bank. This agreement obliges to give the borrower, after prior examination of his financial capacity to pay off his receivables on time and the amount of money specified in the agreement to be spent for a specific purpose, e.g.: building a house, buying an apartment, building a new facility, etc. [Dobrosiewicz, Marton-Gadoś, 2005, p. 98] In case of a bank loan, the cost for the borrower is his commission and interest rate, which is an obligatory remuneration for the bank for granting the loan. This type of financing in case of an investment is a very frequent phenomenon as it is probably not the least expensive option but available. Another way to finance the investment is to issue commercial papers. This is usually reserved for large companies with high rating, i.e. creditworthiness. [Miklaszewska, 2003, p. 16]

The above two forms of acquiring financial capital from outside are largely based on the current financial situation of the ordering party, regardless of whether it is an individual or a company or other entities, e.g.: municipal or county offices. The decision to absorb financial resources by external entities is also conditioned by the type of security of the future investor's financial history as well as the ability to repay liabilities in the future. As far as local government entities are concerned, one more factor should be pointed out: government subsidies and subsidies. Many factors influence their decision making. Signing an

agreement on the one hand gives the investor the "green light" to act, but on the other hand it also burdens him with further costs connected with servicing this credit or liability.

Another very important element in the process of construction orders as such is the issue of financial liquidity. Before making a financial decision on taking a bank loan, one should focus on the current economic situation of a given person or entity. The issue of financial liquidity analysis is widely discussed in the literature. Most often it is stated that it is "the company's ability to pay its liabilities on time". In a slightly wider meaning of the term financial liquidity, M. Jerzemowska states that it is the entity's ability to settle current liabilities in a timely manner, taking into account the amount of short-term debt and the level of current assets. [Jerzemowska, 2006, p.135 ]

## **2. PUBLIC WORKS CONTRACTS**

### **2.1 THE ESSENCE**

Construction orders are one of the elements in public procurement. The definition of public procurement is included in the Public Procurement Law in art.2 point 13, which talks about the payable amount of the agreement between the ordering party and the contractor, the subject of which may be: [Act of 29 January 2004 . Public Procurement Law, Journal of Laws of 2004, No. 19, item 177 as amended, in article 2 point 13.]

- services;
- deliveries;
- construction work.

A feature of public procurement is the complementarity of the three prerequisites for its applicability. These are the following: [ Saja-Żwirkowska, 2013, p. 16 ]

- the subject of the contract;
- payment of the contract;
- parties to the contract.

The most important element in public procurement is the subjective term. As the definition indicates, the subjects of the contract are: [Act of 29 January 2004. Public Procurement Law, Journal of Laws of 2004, No. 19, item 177 as amended]

- the orderer - that is, a natural person, a legal person or an organizational unit without legal personality obliged to apply the law

- Contractor - i.e. a natural person, a legal person or an organizational unit without legal personality obliged to apply the Act and an entity taking part in the tender procedure of its own accord.

The subject matter of the agreement referring to the issue of construction works in public procurement is regulated by art.44 section 1 point 2, which specifies that the ordering party, by way of an amendment to the agreement, is to ensure the execution of additional supplies, services or construction works from the previous contractor. [ Szostak, 2018r, p.205.

In the literature on the subject there is a division of the types of public procurement according to the types of services. Figure 1 presents this dependence.

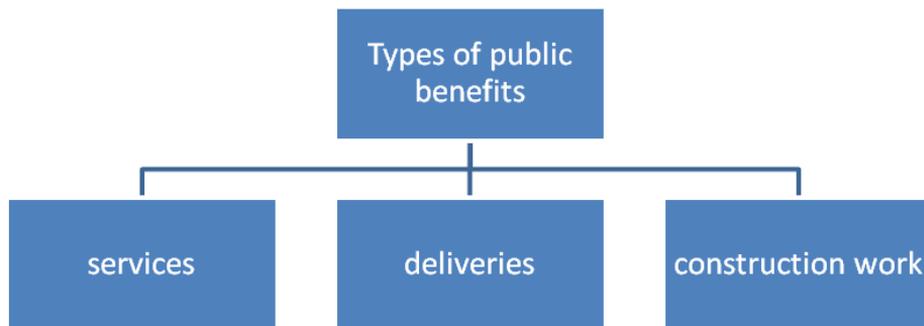


Figure 1. Types of public procurement

Source: K. Saja-Żwirkowska, System zamówień publicznych w Polsce [in:] Zamówienia publiczne w 3 krokach, ed. K. Saja-Żwirkowska, Wydawnictwo Wiedza i Praktyka, Warsaw 2013 edition 2, p. 17

Due to the nature of the article the author will focus exclusively on the aspect of construction works. In the initial stage, the construction process is entrusted to the contractor to carry out particular tasks to the given entities together with expectations as to the effects of the works. There are also detailed safeguards of the contracting authority in relation to the contractor with possible consequences in case of failure to achieve the assumed final effect. Securing the interests of both parties is necessary for the proper course of the entire construction process. [Pernak, 2013]

The contract concluded by the parties may contain other technical, financial and legal circumstances. The entities concluding the contract are obliged to know the legal regulations such as the Civil Code, Construction Law or Public Procurement Law. By signing the contract, these entities influence mutual relations in the investment process of a construction project. Mutual obligations towards the other party should be taken into account, but also the risk caused by these relations. [Grzyl, nr 11/2014, p. 644 – 646 ]

The Civil Code with regard to the payment in connection with the contract signed in accordance with the Civil Code indicates that each of the parties obtains some economic benefit, often in the form of money. Economic benefits for each party are a very important element of concluding contracts.[ Saja-Żwirkowska, 2013, p. 17] Most often the common feature of each of the parties in the contract is maximizing their own goals. The only consensus when concluding such agreements is through joint negotiations, which allow each party to be satisfied after some adjustments.

## **2.2. Risk in construction contracts**

Benefits resulting from the execution of the subject of the contract are always burdened with some kind of risk on the part of the ordering party and the contractor. The literature on the subject provides information on the most common risks in public procurement for construction investments from the point of view of both the contracting authority and the contractor. These are the most common: [Grzyl, nr 11/2014, p. 646 – 647 ]

- lack of understanding;
- too low a price offered for the execution of the subject matter of the contract;
- bad organization of work, problem with human capital;
- lack of financial liquidity.

From the contractor's point of view, the most common problems are: [ Grzyl, nr 11/2014, p. 647 ]

- low quality of project documentation;
- the use of lump sum remuneration by the ordering parties;

- lack of possibility to introduce changes to the content of the contract (e.g. additional, replacement works);
- use of "price" as the sole criterion for selecting an offer from the tender
- no criticism of offers with "abnormally low prices";
- lack of willingness to cooperate on the part of the ordering parties.

Rationalising public procurement in terms of risk sharing between the contractor and the contracting authority is a difficult challenge. Correct tender conditions so that contracts can be concluded with the most advantageous contract with minimal expenditure to maximize results. This is possible by assigning particular risks to the party with a greater influence. This party needs to better manage the risk and the possible costs of incurring this risk will be much lower for this party.

### **3. FINANCIAL SITUATION OF BORROWERS**

The research method is based on methods of examining financial documents provided by superior financial control institutions. Institutions such as the Banking Supervision Commission, Polish Bank Association and Credit Information Bureau

#### **3.1. Analysis of the economic and financial situation of borrowers**

As part of the research part, the author of the Analysis concerns the structure of the portfolio of housing loans. The data necessary for the analysis comes from secondary sources in the form of reports of the Polish Financial Supervision Authority concerning the situation of the

banking sector and a nationwide report in housing loans and real estate transaction prices.

The average value of housing loans granted by financial institutions in the analyzed periods increased. In the third quarter of 2018, the average value of the mortgage loan amounted to a little over 260 thousand PLN in the next quarter, the value was higher by less than 3 thousand PLN. At the beginning of 2019, the value was about PLN 268 thousand, while three months later it was higher by over PLN 8 thousand. In the third quarter, the average value of real estate loans amounted to over 282 thousand PLN. In the period quoted, the value of those loans was successively to growth. This state of affairs was caused by a dynamic increase in apartment prices in the period under review. The data are presented in the chart number 1.

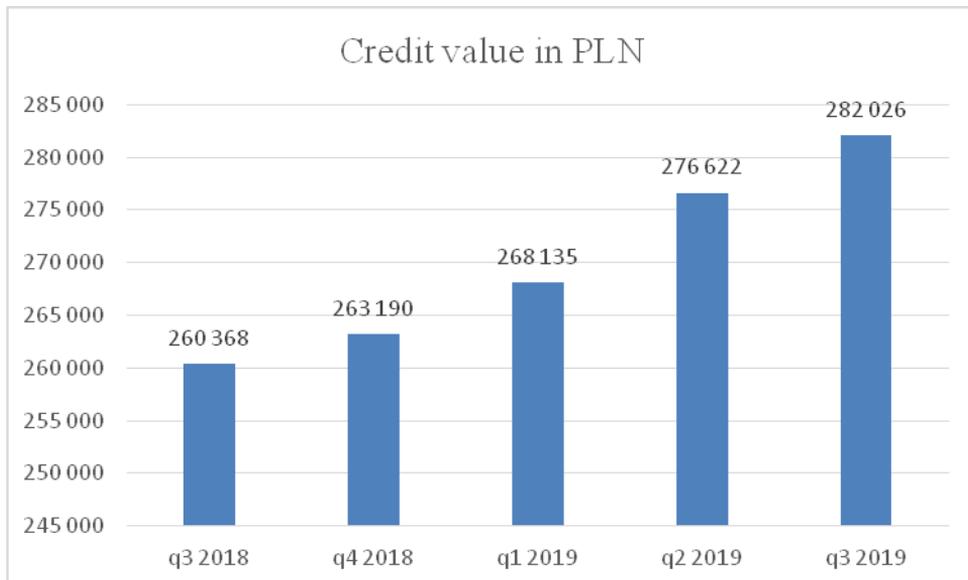


Chart 1. Average value of mortgage loans granted

Source: based on [https://zbp.pl/getmedia/31bb4754-9b7e-40d7-867b-2c52d3c10508/ZBP\\_InfoKredyt\\_2019\\_edycjaV\\_POPR5](https://zbp.pl/getmedia/31bb4754-9b7e-40d7-867b-2c52d3c10508/ZBP_InfoKredyt_2019_edycjaV_POPR5) (access 05.05.2020)

The second very important factor examined in the analysis is financial liquidity. Let us remind you that liquidity is the ability to settle liabilities on time, including the repayment of credit instalments. The collected data shows an increase in the number of concluded credit agreements from year to year with a high growth potential. The number of agreements signed in 2016 amounted to less than 1.145 million a year later, just over 1.2 million, while a large increase occurred in 2018 by 114 thousand more credit agreements and amounted to 1.314 million loans granted. Taking into account the above growth dynamics y/y proportionally, the data would relate to the share of non-performing loans, i.e. those whose current credit service capacity is most often hindered by the financial liquidity disruption. The obtained data on non-performing loans in 2016 amounted to 17 750, which accounted for 1.55% of all housing contracts. In 2017, the financial liquidity of borrowers deteriorated and the number of non-performing loans amounted to 18,601, which accounted for 1.55%. The year 2018 was the smallest year in terms of index dynamics, amounting to 1.4%, which gives 18 742 non-performing loans. The data are presented in Chart 2.

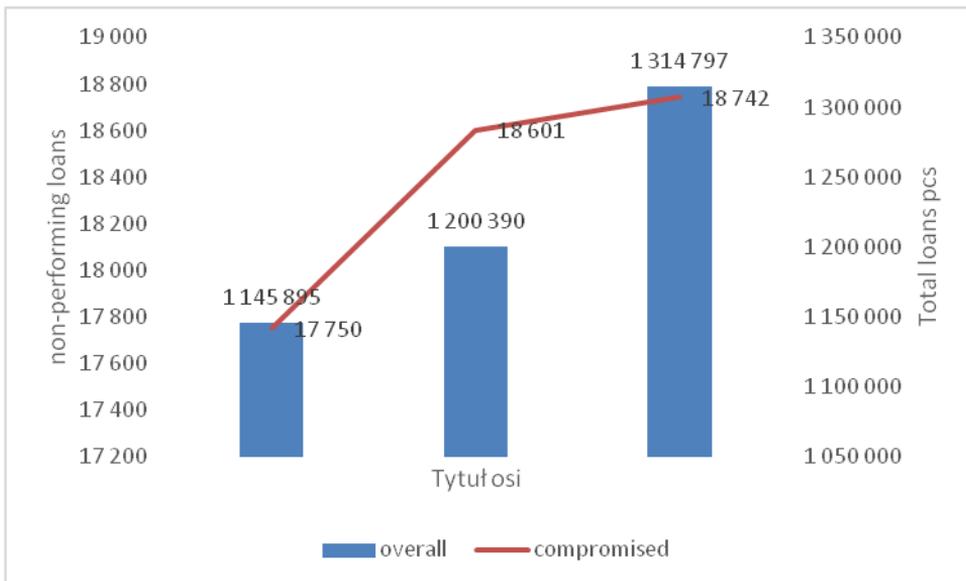


Chart 2. Quality of the loan portfolio for the purchase of an apartment compared to the number of loans

Source: based on: [https://bs.net.pl/wp-content/uploads/files/raport\\_o\\_sytuacji\\_bankow\\_2016\\_tcm75-50788.pdf](https://bs.net.pl/wp-content/uploads/files/raport_o_sytuacji_bankow_2016_tcm75-50788.pdf), [https://www.knf.gov.pl/knf/pl/komponenty/img/KREDYTY\\_MIESZKANOWE\\_I\\_KONSUMPCYJNE\\_2018.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/KREDYTY_MIESZKANOWE_I_KONSUMPCYJNE_2018.pdf), [https://www.knf.gov.pl/knf/pl/komponenty/img/KREDYTY\\_MIESZKANOWE\\_I\\_KONSUMPCYJNE\\_2017\\_61873.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/KREDYTY_MIESZKANOWE_I_KONSUMPCYJNE_2017_61873.pdf) (access 05.05.2020)

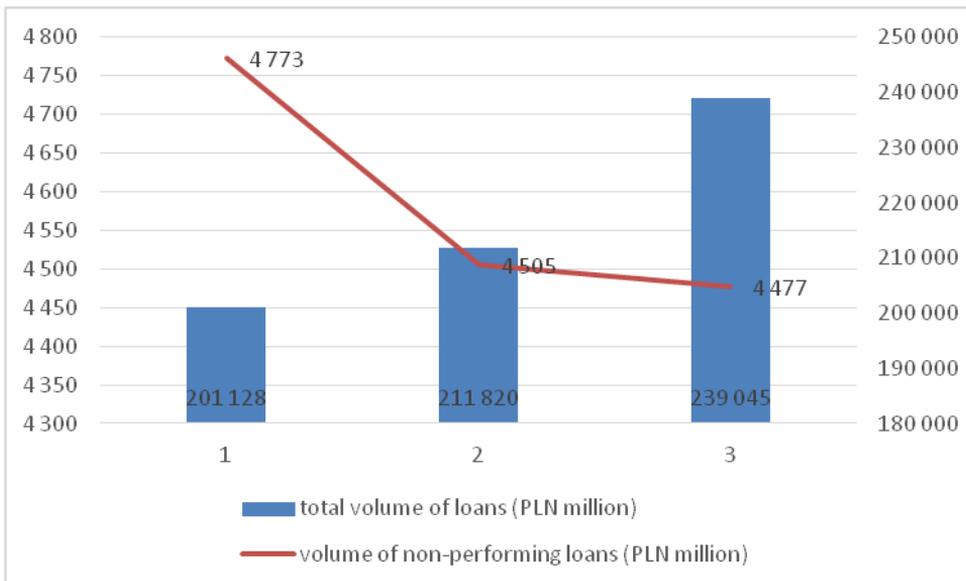


Chart 3 . Quality of the credit portfolio for the purchase of an apartment relative to the value of loans

Source: based on: [https://bs.net.pl/wp-content/uploads/files/raport\\_o\\_sytuacji\\_bankow\\_2016\\_tcm75-50788.pdf](https://bs.net.pl/wp-content/uploads/files/raport_o_sytuacji_bankow_2016_tcm75-50788.pdf),

[https://www.knf.gov.pl/knf/pl/komponenty/img/KREDYTY\\_MIESZKANIOWE\\_I\\_KONSUMPCYJNE\\_2018.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/KREDYTY_MIESZKANIOWE_I_KONSUMPCYJNE_2018.pdf) ,

[https://www.knf.gov.pl/knf/pl/komponenty/img/KREDYTY\\_MIESZKANIOWE\\_I\\_KONSUMPCYJNE\\_2017\\_61873.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/KREDYTY_MIESZKANIOWE_I_KONSUMPCYJNE_2017_61873.pdf) (access 05.05.2020)

The data concerning only the number of signed loan agreements and the share of non-performing loans in them is insufficient in the analysis as it gives a unilateral view of the situation. To this end, the author presented the values of the credit volume in Poland in 2016-2019 including only loans for the purchase of an apartment. The data collected in the first year are 215.1 billion PLN with the value of non-performing loans at 4.7 billion PLN. The ratio of these values was 2.21% and was the largest share in the surveyed period. In the following year, the credit

volume was degressive y/y by 1.5% and amounted to PLN 211.8 billion. The value of non-performing loans in 2017 amounted to PLN 4.5 billion, which means a significant decrease of 5.6% compared to the previous year. In 2018, the value of granted housing loans was the largest of the entire period and amounted to over PLN 239 billion. This year was the best due to the value of outstanding loans, as their value amounted to 4.47 billion PLN and was the lowest in the period under review. The above data is presented in Chart 4.

## CONCLUSIONS

The analysis of the situation on the Polish mortgage market, taking into account such an important factor as the problem of financial coverage in the appropriate amount of funds, shows that certain characteristics of borrowers. In the years 2016-2019, in the case of loans, the number of loans increased from year to year, while the volume of housing loans in those years in 2016-2017 had a downward trend with an initially large share of non-performing loans, with decreasing dynamics, which should be considered an improvement in borrowers' situation. The year 2018 is very interesting in the analyzed research. With the rooms of rising apartment prices, as the first graph showing the average value of a loan and the increasing number of loans and its volume on a macro scale, consumers of these loans seem to have a good financial and economic situation of their own household budgets, as it was the year with the lowest share of non-performing loans expressed in value. The number of non-performing loans in 2018 seems to have a growing trend. This situation provides an opportunity for further research in order to explain the reasons for this situation.

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