PRACE NAUKOWE
Uniwersytetu Ekonomicznego we Wrocławiu

RESEARCH PAPERS
of Wrocław University of Economics

Nr 381

Financial Investments and Insurance – Global Trends and the Polish Market

edited by
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Publishing House of Wrocław University of Economics
Wrocław 2015

Copy-editing: Agnieszka Flasińska

Layout: Barbara Łopusiewicz

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Typesetting: Małgorzata Czupryńska

Cover design: Beata Dębska

Information on submitting and reviewing papers is available on
the Publishing House's website
www.pracenaukowe.ue.wroc.pl
www.wydawnictwo.ue.wroc.pl

ISSN 1899-3192
e-ISSN 2392-0041

ISBN 978-83-7695-463-9

The original version: printed

Publication may be ordered in Publishing House
tel./fax 71 36-80-602; e-mail: econbook@ue.wroc.pl
www.ksiegarnia.ue.wroc.pl

Printing: TOTEM

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PRACE NAUKOWE UNIWERSYTETU EKONOMICZNEGO WE WROCŁAWIU
RESEARCH PAPERS OF WROCŁAW UNIVERSITY OF ECONOMICS nr 381 • 2015

Financial Investment and Insurance – Global Trends and the Polish Market
ISSN 1899-3192
e-ISSN 2392-0041

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EQUITY RELEASE SCHEMES ON SELECTED HOUSING LOAN MARKETS ACROSS THE WORLD

Summary: The inverted mortgage is a product that has been present in the global markets for many years. In Poland, due to the lack of appropriate legal regulations, it cannot be granted, therefore it is still little known, both among the public and some financial services institutions. This situation may change, however, thanks to the bill prepared by the Ministry of Finance, designed to enable banks in Poland to include this type of instrument in their offer. The introduction of the inverted mortgage on the Polish market, however, may face many obstacles. There are doubts whether due to the demographic situation in Poland, as well as economic and social conditions, this product will meet the appropriate public interest. What is more, the concept of inverted mortgages in our country raises a lot of controversy, because it is incompatible with some current law rules.

Keywords: Loan, mortgage, market, risk.

DOI: 10.15611/pn.2015.381.06

1. Introduction

The development of new financial instruments enables banks not only to expand the scope of their services, but also to reduce their business risks to some extent. The loan portfolio diversification is one of the main methods used to disperse and reduce the loan risk, mitigating the potential adverse effects of the bank capital allocation.

In the face of the recent years' economic crisis, the strategy of diversification is becoming a matter of particular importance. Many high-risk products can be found in banks' loan portfolios. Therefore today, to ensure the financial stability, it seems necessary to seek safer instruments that will not only provide a satisfactory income to banks, but will also enable them to compensate for losses generated by other risky sources. The reverse mortgage, offering seniors supplementary funds in the form of monthly proceeds based on the property ownership transfer to the lender after the borrower's death may become such an instrument.

Reverse mortgage products have been available across the world for many years now. They cannot be offered in Poland, due to the absence of relevant legal regulations, thereby remaining little known to the public and even to some of the institutions operating on the financial services market. Nevertheless, the situation may change owing to a draft law being worked on by the Ministry of Finance, its purpose being to enable banks in Poland to include an instrument of this type in their product range.

However, the reverse mortgage may encounter a great number of barriers to entry in Poland. It is a matter of concern whether the product would appear interesting to customers, considering the demographic situation in the country, as well as the existing economic and social determinants. What is more, the reverse mortgage concept is a very controversial subject here, as it is not permitted by many regulations in force.

The principal purpose of the paper is to define the possibilities of the reverse mortgage development in Poland, as well as to analyse the chances for introducing this type of a product to our market based on the experience of selected countries of the world.

2. The reverse mortgage markets – directions of growth

As a financial market instrument and an additional source of financing for seniors, equity release solutions have been known and used throughout the world for more than a half of a century. The history of reverse mortgage goes back to the 1960s, when Nelson Haynes of Deering Savings & Loan offered a regular financial support to a widowed woman – a loan to be paid out on a monthly basis and to be repaid through the sale of her property, but no sooner than upon her decease. This helped her not only pay her late husband's debts but also saved her from losing her home. This situation happened in the United States and attracted attention of many financial institutions, who began analysing the market in terms of the opportunities to include a similar solution in their loan product range. The seventies and eighties of the 20th century was a period of an intense development of the product and its gradual adaptation to the society's growing financial needs [Łyszczak 2008]. This was when banks began offering the possibility of releasing the equity frozen in the real property owned by seniors seeking a source of additional income. Yet, no government guarantees were given to these loans over a long time. The first regulations were adopted in USA at the end of the eighties, when the reverse mortgage was guaranteed by the Federal Housing Authority – the US Government agency responsible for insuring mortgage-based financial products – for the first time.

With nearly 115 thousand loan contracts signed in 2009, the United States' equity release market is considered to be one of the world's most developed markets [Więckowska 2011, p. 32]. Reverse mortgage programs offered there fully reflect the essence of this system and were used as a model example by many countries when implementing solutions of this type. The American model of reverse mortgage which is commonly known and applied today, developed at the beginning of the 1990s and is becoming an important element of the old-age pension system. The American market offers many types of reverse mortgage based financing, but, as W. Daruk and M. Gomółka are stressing, only three of them play a significant role in practice [Daruk, Gomółka 2010]:

1. Home Equity Conversion Mortgage Program (HECM) – the only one insured by the US Federal Government. The Program allows the funds to be used for any purpose and it is becoming increasingly popular among Americans.

2. Single purpose reverse mortgages – is characterized by low costs, but can be used for strictly specified purposes, e.g. renovation of the borrower's house or apartment.

3. Proprietary reverse mortgages – similarly as HECM, it can be used for many various purposes, but is not federally insured. Contracts of this type are not covered by federal regulations and are characterized by considerable flexibility – they allow the reverse mortgage to be adjusted to consumers' various needs.

The Home Equity Conversion Mortgage is the only reverse mortgage program fully regulated by federal law and it plays a dominant role on the American market. Contracts of this type account for nearly 90% of all reverse mortgage loans in USA. As Figure 1 shows, reverse mortgages were most popular in the United States in 2009, when over 114 thousand loans were contracted.

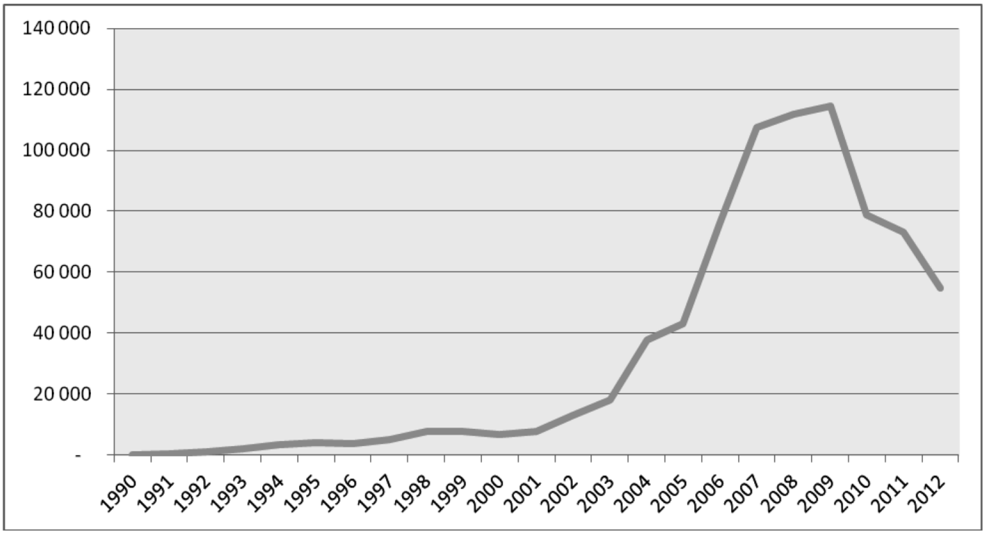

Figure 1. Reverse mortgage loans granted under the HECM program over the years 1990–2012

Source: [*HECM Cases*… 2012].

The product is mainly offered by insurance companies and banks. It is intended for borrowers who are 62 years of age or older and provides for the monthly payment of proceeds for the rest of the borrower's life. HECM guarantees that the lender will meet their obligations to the homeowner and will pay the proceeds due, while limiting the loan origination costs [US Department of Housing and Urban Development 2011, p. 17].

The non-recourse clause is an important element of the reverse mortgage loan. It guarantees compensations to lenders if the property sale does not cover the balance of the loan and its costs. The funds for compensations are collected in the form of premiums or from monthly proceeds paid to the property owner [Szelągowska 2010, p. 85]. The up-front insurance premium charged in the first year of the loan is 2% of the loan value and the annual premium applicable over the loan life time accounts for 0.5% of the loan value. If the total of borrower's proceeds exceeds the estate value, the bank or any other lending institution is compensated for the loss and receives a money transfer from the United States Department for Housing and Urban Development (HUD) – a body responsible for HECM control [Armada-Rudnik 2011, p. 34].

FHA has specified the basic lender and borrower eligibility requirements for HECM loans to be federally insured [Więckowska 2011, p. 30]:

- the borrower's age – the borrower must be 62 years of age or older,
- the property cannot be encumbered with any other liabilities and must be the owner's principal residence,
- the borrower must attend sessions given by an independent counsellor to discuss the benefits and implications of the reverse mortgage loan and sign a statement acknowledging that they understand how the reverse mortgage works,
- proceeds are to be paid monthly (for a fixed period or for the rest of the borrower's life) or as a line of credit,
- the loan limit is USD 625 500,
- the loan origination fee (charged to compensate the lender's marketing and loan processing cost) limit is:
  - USD 2500 if the property value is less than USD 125 000,
  - USD 4000 if the property value ranges from USD 125 000 to USD 200 000,
  - 1% of the property value in other cases, however the origination fee cannot be higher than USD 6000,
- monthly servicing fees cannot be higher than USD 30 (with an annual adjusting interest rate) or USD 35 (if the interest rate adjusts monthly).

Australia is another country where reverse mortgage plays a significant role on the market of financial services. According to the study of the Australian mortgage sector released by Deloitte and commissioned by SEQUAL (Seniors Equity Release Association of Lenders), an industry body supervising care of the reverse mortgage market in Australia and incorporating institutional providers of such products, in 2011 over 42 thousand contracts were signed for the total value exceeding USD 3.3 billion, which represents 10% growth in the value of new lending over the last 12 months and 22.5% growth against 2009. The average size of each reverse mortgage loan reached USD 78,250 in 2011, growing by more than USD 27,000 against the year 2005, when only 16.5 thousand new loans were contracted (Table 1).

Table 1. Australian reverse mortgage market over the years 2005-2011

Australia	Dec 05	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11
Number of new loans	16 584	27 898	33 741	37 530	38 788	41 600	42 410
Market size (USD billion)	0.9	1.5	2.0	2.5	2.7	3.0	3.32
Average loan size (USD)	51 148	54 233	60 000	66 150	69 896	72 474	78 249

Source: [Deloitte 2013].

Two types of equity release schemes are offered in Australia: a sale model where 35–60% of the property agreed value can be released to the owner and a loan model enabling the borrower to release less – namely 20–40% of the equity in their residential estate. According to this solution, the product is offered to seniors aged 55 years or over. Besides reverse mortgage loans, there are pension loan schemes available in Australia – voluntary arrangements providing a stream of income for the rest of the borrower's life. Loans under the scheme are available to seniors who have reached the pension age and do not receive a full retirement pension. The loan is usually paid out on a bi-weekly basis and repaid upon the borrower's real property sale [Więckowska 2011].

3. Equity release schemes in selected European Union countries

Some of the European markets have developed strong equity release products too. Reverse mortgage solutions can be found in 13 EU Member States today. Table 2 presents the list of European countries where reverse mortgage loans are offered.

Table 2. Equity release scheme models in EU countries

Country	No of providers	Equity release scheme model
UK	40	Loan and sale
Ireland	27	Loan and sale
Spain	20	Loan and sale
Italy	5	Loan
Hungary	3	Loan and sale
Germany	2	Loan and sale
Finland	2	Loan
Austria	1	Loan
Bulgaria	1	Sale
France	1	Loan
Netherlands	1	Sale
Romania	1	Sale
Sweden	1	Loan

Source: [Reifner et al. 2009, p. 23].

Although the sale model of equity release is offered in many European countries, the loan option of the product prevails in the EU. In 2007, the number of contracts for sale model products was nearly two times less than that of the loan model, the total value of which exceeded EUR 3.31 billion. As Table 3 shows, the loan model was characterised by a distinctly higher average contract size.

Table 3. Loan and sale contracts size and number in EU

Equity release model	Number of new contracts	Total market size (EUR billion)	Average contract size (EUR)
Sale	19 712	1.345	39 700
Loan	39 700	3.3105	83 387

Source: [Maj-Waśniowska, Cycoń 2011, p. 200].

The UK has developed the most significant reverse mortgage market among European countries, with about 40 providers of this type of loans. The following two main types of equity release products are distinguished there:

- **reverse mortgage** or **lifetime mortgage** – a standard equity release loan, secured by the real property owned by the borrower. The debt is repaid through sale of the collateral when the borrower dies, moves to a nursing home or leaves the property vacant otherwise,
- **home reversion** – based on a sale contract, which involves disposal of the whole or a part of the property by the borrower, who is granted the lifetime occupation right in exchange for specified financial benefits.

All reverse mortgage contracts are regulated by the Financial Services Authority (FSA) in the UK. According to the applicable regulations, the institutions selling reverse mortgage products are required to:

- be licensed to provide equity release arrangements,
- give standard information on the product offered to the customer,
- give the loan price and detailed information concerning the arrangement.

According to the law in force, there is no age criterion for British borrowers seeking a lifetime mortgage or home reversion funding. However, the very names and definitions of these products indicate that they target senior customers, who have reached a certain age. Equity release arrangement providers are responsible for setting the minimum age requirement [Ministry of Finance 2011, p. 23]. According to the FSA'a report, borrowers aged between 66 and 71 represented a majority of customers buying lifetime mortgages (they accounted for more than 51% of all borrowers), followed by the 55 to 65 years group (close to 26%) and 76-plus (about 22%) [FSA Mortgages Product Sales Data 2012, p. 13].

Ireland plays also an important role on the European reverse mortgage market. Equity release service schemes follow similar rules as in the UK. Besides banks, other financial institutions (e.g. insurance companies) are also entitled to provide reverse mortgage loans, having obtained a licence issued by the Central Bank of Ireland and being granted the status of a Retail Credit Firm (an institution authorized to provide loans). Both two equity release loan types described above can be found in Ireland too, namely the loan model (where the borrower keeps the title to the property until the moment of leaving it vacant) and the sale model (offered by Home Reversion Firms only). What distinguishes the Irish market from any other one is that the proceeds from home reversion are included in the income the citizens are required to generate to be entitled to obtain an old age pension or some of the healthcare services (for people aged over 70). Although Ireland's equity release market is one of the most developed in Europe, the authorities have been sceptical about this type of products from the very beginning. Due to the current economic crisis, Irish financial institutions ceased offering equity release loans to new customers.

Spain is another EU Member State playing a key role on the reverse mortgage market. Although the product was launched only in 2007 here, it is offered by nearly 20 providers – credit unions and non-banking institutions. Customers seeking this type of arrangements can choose between two forms: a loan model (defined in a specially adopted Mortgage Market Regulation Law) and a sale model (regulated under the Civil Code).

The equity release solutions have been introduced into the Spanish market mainly with regard to demographic aspects, such as ageing of the society, growing life expectancy and low old age pensions, the value of which does not exceed the European average [Pawlęga 2009, p. 109]. Furthermore, Spain belongs to the group of European countries with the longest percentage of real properties owned by their residents. In 2008, the homeownership rate expressing the ratio of owner-occupied units to total residential units reached 85% there.

Borrowers seeking a reverse mortgage loan in Spain are required to be aged 65 (in case of the loan model) or 70 (the sale model). Other eligibility criteria include:

- the requirement to insure the property,
- the property has to be the borrower's principal residence,
- the lender is required to inform the borrower of their financial standing and the loan arrangement details, as well as to pay for consultation with an independent advisor,
- the contract has to provide for early repayment of the mortgage, where the early repayment charge cannot be higher than 0.5% of the loan value (if repaid within the first 5 years) or 0.25% of the loan value if the borrower wishes to repay after 5 years,
- there has to be an option for the heirs to repay the loan,
- the heirs are exempted from early repayment charges.

There are three ways to repay the reverse mortgage loan after the borrower's death in Spain: through sale of the property securing the loan, repayment of the loan by the heirs (thereby allowing them to keep the title to the property), or conversion of the liability into a typical long-term mortgage loan.

Despite the progressing economic recession, the significant drop in real estate prices and the record-breaking unemployment rate reaching 26%, the growth of the reverse mortgage loan market has not slowed down much in Spain.

According to the research made by Optima Mayores – one of Spain's leading consulting firms specialized in lifetime mortgage products, the number of new loans has been insignificantly but constantly growing over the recent years. Considering the difficult economic situation in the country, the reverse mortgage still remains a substantial source of income for those whose old age pension is insufficient to cover their living expenses. Often, the proceeds from equity release are several times higher than the monthly pension, which ranges between EUR 460 and 2290 in Spain. Hence, neither the dramatic fall in real estate prices nor the financial crisis affected customers' attraction, while enhancing the risk that the loan size might exceed the collateral value [Wachnicka 2010, p. 32]. The current situation on the market forces Spaniards to accept arrangements, where the loan amount is lower than the property value. Increasingly more credit unions lower the LTV ratios to 70–80%, or increase the minimum eligibility age from 65 to 70 or even 75 years. But Spanish providers of equity release solutions do not enjoy public confidence. Potential customers' concerns about the risk of losing their home may affect the demand for products of this type in the future. Yet, the insufficient borrower protection and the common confusion about the principles governing the reverse mortgage solutions are the major problems on the Spanish equity release market. Unlike Great Britain or USA, Spain has not imposed an obligation on lenders to provide free counselling sessions with independent consultants who would inform the customer of the product details.

4. Equity release SWOT

As the experience of other countries shows, equity release arrangements may offer a variety of benefits to potential borrowers and banks or other participants of the loan contracting process as well. However, property owners seeking the income that may be released from their equity and institutions planning to offer this type of loan should analyse not only strengths and opportunities involved, but also all weaknesses and risks of the solution. The SWOT analysis presented in Figure 2 may be used as an aid in decision making.

The major advantages of equity release include the access to additional funding supplementing their retirement pension, enabling pensioners to cover various expenses (e.g. to pay debts, maintain the consumption level, improve the quality of life, etc.) or to finance other items of their choice, e.g. repayment of the mortgage balance. With the reverse mortgage loan, customers may liquidate a part of their real property investment (convert non-financial assets into financial assets), while keeping their right to remain in their home until the end of life. What is more, customers seeking an arrangement of this type do not have to be creditworthy and the monthly proceeds will not be qualified as a taxable income. No less important is the elimination of the inheritance cost and proceedings – upon the borrower's demise the property ownership is transferred to the bank and the heirs are entitled to a part of its value, if the property is sold at a price which is higher than the loan that has been provided and its cost [Gabryelczyk 2009]. As W. Daruk and M. Gomółka observe, the requirement to offer free independent financial counselling and detailed information about the arrangement and its implications for the customer is an extremely important feature distinguishing equity release solutions from any other financial products in some countries [Daruk, Gomółka 2010].

SWOT ANALYSIS
Reverse mortgage loan in Poland

Strengths

1. The retirement pension can be supplemented with an additional income.
2. The proceeds can be used for any purpose (including also mortgage repayment).
3. Release of funds invested in the real property.
4. Lifetime guarantee of a home
5. No income tax on the proceeds from the reverse mortgage loan.
6. No need to prove one's creditworthiness.
7. Problems of the inheritance cost and procedure solved.
8. Heirs keep their right to a part of the property after the borrower's death.

Weaknesses

1. The loan size is determined based on the property value only.
2. The maximum of 50% of the equity in the property can be released.
3. The uncertainty of the borrower's longevity and the amount of proceeds to be paid under the arrangement.
4. High cost of processing the loan.
5. The requirement to maintain the property in a non-deteriorated condition and to make the repairs involved.
6. The long-term nature of the product increases the bank's risk.
7. No state guarantee of payments in case of the lender's bankruptcy.
8. The requirement to insure the property within the loan lifetime.
9. Limited group of institutions authorized to provide equity release arrangements.

Opportunities

1. Access to new customers.
2. Potential of high profits.
3. Cross-selling opportunities.
4. Improved living standards of seniors.
5. Low retirement pensions.
6. Ageing of the society and growing population of pensioners.
7. Problems with mortgage repayment.
8. Development of the real estate market.
9. Favorable property ownership structure.
10. Growing average life expectancy.

Threats

1. Risk of incorrect appraisal of the property value.
2. Lack of regulations.
3. Instability of real estate prices.
4. Risk of the property condition deterioration.
5. Interest rates variations.
6. Economic crisis.
7. High mortality.
8. Demographic decline.
9. Unawareness of the equity release principles among potential borrowers and bank staff.
10. Customers' distrust in lenders.
11. Cultural barriers.

Figure 2. Equity release SWOT

Source: own elaboration.

Despite many advantages, reverse mortgage loans turn out to be not entirely attractive to some of the customers, owing to a number of serious drawbacks. The latter include the possibility of releasing no more than 50% of the property value, as well as the fact that the loan size is determined solely based on the property market value. Lending based on the collateral value only (without checking borrowers' creditworthiness) was one of the reasons behind the mortgage credit crisis. Furthermore, the customer's longevity is a matter of concern in case of equity release solutions, as it implicates the amount of cash to be paid to the borrower. A risk exists that in case of an early decease, the borrower will not receive the entire amount of the loan specified in the contract. One other weakness of the equity release solution is the high cost of proceeding the loan contract. Typically, the borrower is required to pay for the property value appraisal, the loan application processing, the initial insurance premium or the bank's commission which is charged proportionally to the property value. Furthermore, one should remember about the expenses to be paid by the customer over the loan lifetime, such as property insurance, property taxes and fees, the bank account charges. Also, customers choosing this type of arrangement need to bear in mind that they are required to maintain the property in an adequate condition, which often involves the need to pay for repairs or improvements.

From the bank's point of view, the product's long-term nature is its main weakness. The unpredictable length of the reverse mortgage loan period may create the risk of loss for the lender. According to banks, proceeds from reverse mortgage should be paid for a period not exceeding 20 years.

On the other hand, launching equity release solutions in Poland will offer a variety of opportunities for banks. First of all, it will allow them to tie the existing customers or to attract new customers, namely seniors, who are often reluctant to use bank services. Furthermore, the reverse mortgage solution is a loan with a relatively high rate of return as compared with the risk involved, thereby offering an opportunity of high profits. In addition, when offering equity release solutions, banks may cross-sell other financial products or services (e.g. opening a current account, issuing a bank card, an additional insurance for the loan, etc). It is also worth considering, what factors may be conducive to development of the reverse mortgage loan in Poland. Undoubtedly, low retirement pensions will contribute to product success. The difficult economic situation makes seniors seek additional sources of income that would improve the quality of their life. Furthermore, the process of population ageing is another opportunity area for banks. The population of retirees has been regularly growing in Poland over the recent years and this will translate into an increase in the number of potential borrowers. Moreover, banks' existing customers experiencing problems with repayment of the first mortgage loan may also be interested in a reverse mortgage solution. The lender offering an equity release arrangement may not only count on additional profits, but recover the previously provided loan without the need of restructuring or starting a debt collection procedure. The gradual improvement of the situation on the real estate market will also influence the development of reverse mortgage schemes in Poland. There is a chance that with the growing houses ownership the demand for reverse mortgage based products will be growing too. The SWOT analysis highlights also the threats involved in the equity release solutions. The continuing absence of adequate legislation may be the key barrier to launching this category of products on the Polish market. Although the Ministry of Finance has prepared a draft reverse mortgage law, it is possible that Polish banks will not be able to offer the equity release solutions in the nearest future, due to the need of changing many other regulations. The risk of incorrect appraisal of the property value is another threat which may have a direct effect on the loan size and result in a financial loss for the bank. In case of an economic downturn and price fluctuations on the real estate market, the bank's risk that the released equity value exceeds the collateral value may be higher. On the other hand, growing interest rates may result in a higher cost of loan servicing and thereby affect the demand for the product. Besides population ageing, the demographic decline observed in Poland over the recent years may translate directly into the number of borrowers in the future. The low public awareness of the equity release solutions nature and principles also appears to be a major problem. It seems necessary to initiate an information campaign aimed at highlighting the basic features of the product and the benefits of the contract to potential borrowers. Yet, it is also possible that the reverse mortgage concept will not be accepted by the society for cultural reasons. Most of the Polish people still believe that real estate is the highest value asset which should be transferred to the closest relatives only. Furthermore, seniors often fear using bank services and manifest distrust towards financial institutions. Worth stressing is also the problem of maintaining the apartment or the house in a non-deteriorated condition. If the borrower fails to repair or improve the property on a regular basis, its market value may decrease and consequently it may be difficult for the bank to recover the funds as provided for in the loan contract.

The above discussion shows that the reverse mortgage loan is a complex financial solution which offers a variety of opportunities and benefits to financial institutions and customers as well. However, considering the numerous risks and drawbacks involved, real property owners seeking such arrangements should act with great caution when contracting a reverse mortgage loan. It is therefore worth consulting independent financial consultants and brokers who will help us analyse the offer, explain all the details and facilitate the decision making process.

5. Conclusions

Over the recent years, the need to introduce a new financial instrument referred to as the reverse mortgage loan has been increasingly discussed in Poland. The solution has already been used successfully on many foreign markets. Using other countries' experience as a basis, the Polish Ministry of Finance is working on a domestic draft law that would allow this type of services to be provided in our country too.

The reverse mortgage consists in releasing a part of owner's equity in their home and providing cash payments to the owner based on the property value, usually in the form of monthly proceeds. An arrangement structured in this way has a number of advantages. Borrowers seeking such a solution may gain an additional income even if they are lacking the required creditworthiness. What is more, the borrower does not repay the loan, since the liability comes due upon the borrower's decease and is repaid though transfer of the ownership title to the lender and sale of the property. From the banks' point of view, the reverse mortgage loan is a profitable solution and a safe one as compared with other mortgage-based products. Therefore, diversifying the loan portfolio by means of such services may contribute to greater profits, while reducing the business risks.

Despite the benefits the reverse mortgage loans offer to financial institutions and potential borrowers, it is a common belief that the share of this product in the banks' loan portfolio will not be substantial in Poland. The group of reverse mortgage beneficiaries is expected to comprise senior customers mainly, who fear any arrangements with financial institutions. Furthermore, strong family bonds and the desire to hand the property over to people who are closest to them, reduce the group of potential borrowers to some degree. Yet, considering the process of population ageing which is observed in Poland, as well as the resultant problem of the pension system financing, equity release solutions may appear interesting to a growing group of Poles in the future. The retirement provision is often insufficient for pensioners to support all their financial needs. Furthermore, seniors have a much restricted access to typical loans offered on the market, especially to long-term instruments. Therefore, the group of retirees whose quality of life is much below the common living standards is growing. Thus, for many people, a reverse mortgage loan may be the only chance to gain a regular, long-term financing and to improve their economic standing.

The reverse mortgage loan will certainly not solve the problem of low retirement pensions in Poland, nor will it guarantee decent living standards to seniors. Yet, it will enable them to supplement their income, thereby improving the quality of their life to some extent at least. It is the author's opinion therefore that launching equity release solutions in Poland makes sense even if the new product attracts a marginal percentage of the society only. There are many economic and social aspects supporting an approach like this. The instrument analysed in the paper, if introduced, may contribute to reducing the scale of poverty among seniors. Besides, signing an annuity agreement contract, selling one's home or moving to a smaller one are the only methods of releasing the equity in one's property available as for today. Therefore, the new product would be a good alternative to the solutions referred to above, since it will enable seniors to raise additional funds without the need to leave the home they are usually very attached to.

The fact that increasingly more products reminding of the reverse mortgage concept are offered in Poland in response to pensioners' financial expectations and needs proves that there is a need for this new instrument on the Polish market. Furthermore, ideas are given how the reverse mortgage products could be made more attractive. The solution might attract more interest if combined with other services available on the market now, such as social services for example, or health or life insurance, under bancassurance arrangements.

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ODWRÓCONY KREDYT HIPOTECZNY NA WYBRANYCH ŚWIATOWYCH RYNKACH KREDYTÓW MIESZKANIOWYCH

Streszczenie: Odwrócony kredyt hipoteczny jest produktem, który jest obecny na światowych rynkach od wielu lat. W Polsce ze względu na brak odpowiednich regulacji prawnych, nie może być stosowany, dlatego jest jeszcze mało znany, zarówno wśród instytucji publicznych oraz niektórych usług finansowych. Sytuacja ta może się jednak zmienić, dzięki przygotowanemu przez Ministerstwo Finansów projektowi ustawy mającemu na celu umożliwienie bankom w Polsce włączenie tego typu instrumentu do oferty kredytowej.Wprowadzenie odwróconego kredytu hipotecznego na polskim rynku może jednak napotkać wiele przeszkód. Istnieją wątpliwości, czy ze względu na sytuację demograficzną w Polsce, a także warunki ekonomiczne i społeczne, produkt ten spotka się z zainteresowaniem publicznym. Co więcej, koncepcja odwróconych kredytów hipotecznych w naszym kraju budzi wiele kontrowersji, ponieważ jest to niezgodne z niektórymi obowiązującymi przepisami prawa.

Słowa kluczowe: pożyczka, hipoteka, rynek, ryzyko.