

DOI: [10.26354/bb.13.2.103.2026](https://doi.org/10.26354/bb.13.2.103.2026)

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Moral Panic and its Manifestations in the Polish Banking Sector

ABSTRACT

This paper aims to characterize the sociological concept of “moral panic” and its constituent elements, and to apply the concept’s structural framework to analyze the emotions and disputes surrounding mortgage agreements denominated or indexed in Swiss francs (CHF). It focuses specifically on manifestations of moral panic in the context of social media – acting as an accelerator of stakeholder emotions – and their impact on the stability of banking sector entities. The primary method employed is a literature review, grounded mainly in the theoretical frameworks of Cohen and Garland, supplemented by synthetic case studies of two banks and the Polish banking sector regarding the issue of CHF-denominated loans. The analysis demonstrates that moral panic can spread in a “contagious” manner and be accelerated by the media – particularly social media – thereby shaping a strongly negative image of lenders (often labeled “banksters”) while simultaneously generalizing the grievances of borrowers and casting them as victims. The widespread nature of this moral panic regarding the banking sector also exerts social pressure on politicians and policymakers to alter regulations. The Swiss franc loan crisis in Poland exemplifies how a dispute between parties to credit agreements transformed into a moral crusade with lasting institutional consequences; a potential side effect is the destabilization of the system or isolated instances of liquidity loss leading progressively to insolvency.

The experiences and potential consequences of moral panic in the financial sector should serve as a basis for establishing a framework to manage this phenomenon and, above all, for fostering effective public financial literacy.

Keywords: moral panic, banking sector, social media, Swiss franc loan crisis

JEL Codes: G21, G28, D84

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INTRODUCTION

The banking sector is a component of the financial system characterized by rapid technological and institutional change; due to its inherent fragility – stemming from high-leverage intermediation processes – it is exposed to a relatively high risk of crises. Several factors contribute to this sector being the most heavily regulated: its importance for the efficient circulation of funds within the economy; the transformation of maturities and risks when using depositors' funds (which often enjoy statutory guarantee protection) to grant loans; and, finally, historical experience with banking crises. Furthermore, the development of the financial market – encompassing non-bank institutions – means that banks operate in a highly competitive environment. The links between financial market entities and policymakers, as well as the impact of these entities' activities on customer attitudes and financial standing, lead to varied reactions from decision-makers and shape legislative outcomes. Examples from recent decades include the liberalization of cooperative banking activities in the early 1990s, the delay in bringing Cooperative Savings and Credit Unions (SKOKs) under the supervision of the Polish Financial Supervision Authority (KNF), disputes regarding restrictions on foreign-currency or foreign-currency-indexed loans, the issue of the bank levy, and the status of WIBOR as a benchmark parameter in loan agreements. Strict regulation means that banks are sensitive to the decisions of politicians and, indirectly, to the **vox populi** – reflecting the public sentiments of financial institution clients, particularly borrowers, depositors, and investors. Experience – not only domestic – shows that such client emotions spread rapidly among the masses (exhibiting high contagiousness). Modern electronic communication tools act as accelerators for this spread of sentiment within the social sphere. The crisis involving three US banks in the first quarter of 2023¹ provides compelling evidence of how quickly an epidemic of fear regarding funds entrusted to banks can spread (Michalewicz, 2024; Miklaszewska, 2023).

Negative emotions that translate into mass behavior – especially when backed by politicians, often driven by populism – form part of a “moral panic” and can severely harm individual entities or, in certain situations, the entire financial services sector. Moral panic is a classic sociological concept describing a situation where society reacts with excessive fear, outrage, or hysteria to a phenomenon perceived as a threat to moral values or social order.² This reaction is disproportionate to the actual risk, and the phenomenon is blown out of proportion by the media, politicians, or interest groups. In the modern era, moral panic is strongly linked to content published in the media. Furthermore, regarding the banking sector, the historically rooted stereotype of usury – and, in modern times, the perception of banks and bankers as excessively wealthy and prone to unfairly exploiting clients – plays a significant role. Despite the immense progress made in Polish banking following the systemic transformation, the

¹ In March 2023, three banks went under: Silicon Valley Bank (SVB), Signature Bank (SB), and First Republic Bank (FRB). The direct cause was a sudden outflow of deposits, especially those not covered by FDIC insurance, through electronic channels.

² The concept was created by British sociologist Stanley Cohen. Moral panic arises at the intersection of the media, public opinion, interest groups, and authorities.

stereotype of the “bankster” has become entrenched in the public consciousness, particularly in the wake of disputes concerning foreign-currency-denominated loans.

It is worth noting that moral panic in Poland – specifically regarding the financial system, though not limited to it – is moderated by two factors: the level of public trust in the system (banks were previously widely regarded as institutions of public trust) and the legislative framework and specific prudential regulations (details of which are generally unknown to the average consumer).

The aim of this paper is to characterize the phenomenon of moral panic and to provide a concise analysis of its impact on the situation of banks and the overall health of the banking sector in Poland.

The article is based on a review of the literature. The first section analyzes the concept of moral panic and its constituent elements; the second examines the role of social media in its propagation and briefly discusses the “Swiss franc loan crisis” in Poland; the final section presents a summary and recommendations.

MORAL PANIC – DEFINITIONS AND DISTINCTIONS

Moral panic is a concept introduced by Cohen (1972) and operationalized by Goode and Ben-Yehuda (2009) through criteria such as the disproportionate nature of the reaction or the identification of “scapegoats.” Linked to the concept of moral panic is a line of inquiry stemming from the theories of Kahneman and Tversky (1979). This approach incorporates neuroeconomic research demonstrating that affective states directly influence risk-taking propensity. Meanwhile, Shiller (2019), through his concept of “narrative economics,” demonstrated how fear-based narratives that spread virally shape financial crises.³

Classic models of bank runs (Diamond and Dybvig, 1983) assumed a slow diffusion of information. Modern media and communication networks, however, have come to act as accelerators of crises. Research by Cookson et al. (2023) demonstrates that social media radically accelerates this process, with the 2023 Silicon Valley Bank crisis serving as a near-perfect example.

As Anita Howarth (2013) notes, both moral panic theory and contemporary theories of the “risk society” analyze how threats are socially constructed amidst heightened or exaggerated anxiety. Both assign a central role to the media in the relationships between power, public opinion, and interest groups.

³ Narrative economics is about studying how stories – popular, socially shared tales about the economy – influence people’s economic decisions and the course of macroeconomic phenomena. This approach, developed by Robert Shiller, treats narratives as “contagious” phenomena that spread like epidemics and shape the expectations, moods, and behaviors of consumers, investors, and policymakers.

From the standpoint of scientific precision, the lack of a unified definition for this complex phenomenon presents a challenge. Stanley Cohen's definition holds a relative advantage in terms of substance. He defines moral panic as a state in which a phenomenon – or a set of phenomena – is portrayed by the media as a threat to societal values in a stereotypical and disproportionate manner, thereby mobilizing interest groups (including experts, journalists, and politicians) to formulate diagnoses and propose solutions. Some panics fade away, while others – as Cohen (2002) puts it – have “more serious and long-lasting repercussions in the form of legal and institutional changes.” Scott P. Hier (2020) views moral panics as fleeting episodes within long-term projects of moral regulation. In his view, it is precisely through the process of assigning meaning to social phenomena – discursively articulated as “us versus them” – that moral panics construct social subjectivities and identities, both for the “other” and for the self.

We are thus dealing with a phenomenon that occurs within a system where so-called “significant others” or opinion leaders influence the legislative and executive branches to regulate phenomena they deem harmful to a specific social group. It should be noted that the proposed regulations or restrictions regarding the phenomenon in question do not aim to serve the common (general) good but rather favor the particular interests of a specific group.

Based on two criteria – motives and access to power – Goode and Ben-Yehuda formulated three models of moral panic formation:

- the grassroots model – here, the moral panic originates with ordinary citizens and manifests as intensely felt social anxieties that exert pressure on organizations, mass media, and political groups, which then serve as channels for expressing public sentiment;
- the elite engineering model – the moral panic results from the actions of individuals or interest groups that incite and sustain societal fears or dissatisfaction regarding a specific phenomenon – one that poses no real threat to social order – thereby diverting attention from an actual problem whose resolution would threaten the interests of the elite;
- the interest group model (as the initiator of anxiety) – which posits that various interest groups (media, organizations, religious groups, police, academic institutions... ..or educational bodies, professional groups, etc.) independently generate and sustain a moral panic, which is perceived by the aforementioned groups as a reaction to a threat to the social order (Zielińska, 2004, p. 167).

Following David Garland, one can posit that the narrative surrounding the phenomenon and the description of the “spiral effect” – generated by the reactions of the media, public opinion, interest groups, and authorities – are of key importance to moral panic (Garland, 2008, pp. 19–21).

Erich Goode and Nachman Ben-Yehuda identify five essential elements of moral panic:

- 1) concern – there must be an awareness that the behavior of a given group or category could negatively impact society and disrupt social order;
- 2) hostility and animosity – directed at a specific group singled out from society due to its distinctiveness, creating a symbolic “us vs. them” division;

- 3) general consensus – whether within society at large or a specific social group – that another segment of society or another group poses a very real threat to the collective;
- 4) disproportionality – a significant disparity exists between the grounds for the moral panic and the actual threat posed by the phenomenon in question;
- 5) volatility – the phenomenon of moral panic is highly unstable and can dissipate as quickly as it emerged (Goode and Ben-Yehuda, 2009).

Most changes in financial markets are accompanied by a high level of public concern – particularly those perceived as detrimental to the clients of financial institutions, and especially those seen as threatening a crisis or entailing severe consequences or financial losses.⁴ The emergence of problems, the publicizing of heightened risks, or even the realization that one's situation could be improved through litigation against the other party to a contract, all fuel a growing sense of hostility or hatred toward the institutions representing financial markets – namely, banks. Such hatred can give rise to initiatives like “Occupy Wall Street,” the Association of Those Wronged by the Banking and Legal System, the Association to Stop Banking Lawlessness (SBB), and other forms of social unrest. The generation of intense emotion fosters actions that are disproportionate to the perceived grievance. The realization of a wrong – referred to by Cohen as “sensitization” – is often accompanied by a near-hysterical public reaction to the phenomenon in question. This can occur even in response to a minor disturbance that suddenly finds itself at the center of media or law enforcement attention. Earlier perspectives posited that the media and state institutions, by highlighting behaviors that deviated from social norms, exploited panic to build public support for stricter controls (Ungar, 2001, p. 280). Today, the range of actors involved in moral panics is broader. Stanley Cohen (2002) identifies four groups of actors whose activities should be analyzed in the study of moral panic:

- public opinion,
- law enforcement agencies,
- politicians and legislators,
- activists (action groups).

Cohen describes the last of these groups as “moral entrepreneurs” who act on behalf of public opinion, claiming the right to identify deviants and define their behavior as a violation of public morality, while presenting their own involvement as an expression of concern for the community's dominant values and safety (Cohen, 2002). Activists typically take action in coalition with other actors in the public sphere.

As Stanisław Wargacki (2009, p. 15) writes: “A moral panic requires a collective scapegoat – whether real or imagined – who embodies and symbolizes evil and becomes the object onto which collective fears are projected; a monster of the human imagination. The image

⁴ When there's no unrest in the banking market, depositors rarely pay attention to the deposit guarantee system. But when there's news or even just rumors about potential problems in banks, customers actively use the Bank Guarantee Fund's call center or ask bank employees about the safety of their money in their accounts.

of this personified evil is shaped by television and radio programs; the press writes about it, stirring collective memory and stereotypes.” The target of a moral panic need not possess any predetermined characteristics.

Criticism of the moral panic concept focuses on several key limitations that undermine its analytical utility. The central premise of the moral panic concept is that the societal reaction is disproportionate to the actual threat (Cricher, 2008, p. 1130). Critics point out the lack of objective criteria for determining what constitutes a proportionate societal reaction, noting that assessments of proportionality are made from specific social and cultural perspectives (Cornwell and Linders, 2002).

Sheldon Ungar (2001) observes that the concept of moral panic is rooted in liberal assumptions regarding rationality and proportionality. He introduces the notion of “rational panic” – a reaction that, in the long run, proves to be a valid warning. According to Ungar, certain reactions classified as moral panics may constitute justified responses to real threats, particularly when the difficulty of assessing long-term consequences is taken into account. Reactions deemed “panicky” at one point in time may prove to be accurate from a historical perspective.

Critical observations regarding the concept of moral panic do not imply its outright rejection; rather, they highlight the need for a more reflexive and contextual approach to its application in social analysis.

THE ROLE OF SOCIAL MEDIA IN AMPLIFYING MORAL PANICS

Moral panic, as a sociological phenomenon, is characterized by a sudden surge in collective anxiety regarding a perceived threat to societal values – a threat often exaggerated by the media (Cohen, 2002). Social media platforms (e.g., X, formerly Twitter) act as catalysts for the spread of contagious emotions among audiences – often collective ones – triggered by published information, even when that information is false. In societies where social media plays a pivotal role in shaping public opinion – including Poland – the amplification of such panics is particularly evident in the financial sector. Examples include currency crises or conflicts between borrowers and banks regarding Swiss franc-denominated loans. Online platforms and social media accelerate processes described in established theories – such as Garland’s (2008) media spiral. This refers to a mechanism wherein the societal reaction to deviance leads to its further escalation rather than its containment (Wilkins, 1964; Hall et al., 1978). In financial markets, the aggregation of public sentiment creates a risk of destabilizing market entities.

Social media – including X/Twitter – amplify moral panics through algorithmic mechanisms that promote emotional and viral content; this fosters “echo chambers” and facilitates the rapid spread of anxiety (Walsh, 2020). A prime example is found in social media discourse where ordinary users, influencers, and politicians popularize negative narratives about specific entities or professional groups. This is clearly evident in the widespread use of terms like “banksters”

or “systemic fraud” regarding customer-bank relations – rhetoric that demonizes financial institutions and triggers negative collective reactions. For instance, regarding Swiss franc mortgage holders – a group of borrowers affected by the appreciation of the CHF – X/Twitter serves as a platform for organizing protests, sharing personal stories of grievance, and calling for bank boycotts. Posts highlighting the plight of these borrowers and emphasizing bank culpability (e.g., *Życie Bez Kredytu*, 2021) stoke emotions, creating a dichotomy between the aggrieved (victims) and the perpetrators (“tormentors”), a dynamic that embodies the hostility inherent in moral panics. ...moral panic (Goode and Ben-Yehuda, 2009).

Regarding financial sector institutions, social media can trigger deposit runs, as rumors about bank instability lead to mass withdrawals, thereby reducing the liquidity of the threatened institution. However, mass withdrawals at a single bank or within a segment of the sector do not necessarily destabilize the entire system; the scale of the threat depends on the central bank’s and the financial safety net’s capacity to maintain liquidity, as well as the sector’s overall reserve levels. Zielińska (2004, pp. 166–167) emphasizes that the media – including social media – generate panic in response to threats to social order, diverting attention from real problems.

In financial risk theory, drawing on the concept of the “risk society” (Beck, 2002), economic uncertainty (e.g., currency fluctuations, inflation) intertwines with moral panics to create a spiral of destabilization (Garland, 2008, pp. 13–16). Garland analyzes this within the context of a media spiral: the media, public opinion, interest groups, and authorities feed off one another, triggering moral threats that lead to disproportionate reactions (e.g., hasty regulations). In Poland, social media accelerate this spiral by integrating emotions with financial risk. Polish analyses – particularly in the context of penal populism⁵ – show that social media reinforce the spiral by dramatizing events or entities (including the use of epithets directed at banks, personalizing them with terms such as beasts or “banksters”) and attributing systemic characteristics to risk (Karaźniewicz and Kotowska, 2011, pp. 50–55). Consequently, moral panic surrounding the financial sector increases systemic risk. A recent example involves fear-mongering on the X platform regarding Putin or high inflation, which can lead to declines in Warsaw Stock Exchange (GPW) indices or a weakening of the zloty (Borowski and Jaworski, 2024, pp. 33–45).

Polish studies indicate that social media amplify panics through interactivity: comments, retweets, and hashtags facilitate mass calls for aggressive behavior – such as a media-driven public outcry against “banksters” (Juza, 2015; Narusiewicz-Duchlińska, 2015). Another example is the currency panic that followed a Russian hybrid warfare campaign involving the dissemination of false information on social media in Poland (Mroczka, 2022, p. 111). Similarly, in 2022, following the Russian invasion of Ukraine, panic regarding fuel, medicines, and bank withdrawals – fueled by online rumors or fake news – exhibited the hallmarks of a hybrid attack, with social media serving as a channel for spreading public anxiety (Singer and Brooking, 2019). These examples illustrate the process of mass emotional contagion in the digital environment,

⁵ Penal populism means making and toughening criminal law based on emotions, public opinion pressure, and media narratives, rather than on solid expert analysis or criminological data.

where a single post can generate thousands of interactions, escalating fear on a massive scale (Vosoughi et al., 2018).

Zielińska (2004) emphasizes that the media – in their newer, social-media-based forms – generate panic in response to perceived threats to the social order, thereby diverting attention from genuine structural problems. The “deviance amplification spiral⁶” mechanism – originally described by Wilkins (1964) and further developed by Hall and his colleagues in their analysis of the panic surrounding street crime – demonstrates how sensationalist media coverage triggers social and institutional reactions that, in turn, intensify the very phenomenon perceived as a threat (Hall et al., 1978⁷). Similar processes have tangible economic consequences in the financial sector. Following Russia’s invasion of Ukraine in February 2022, media narratives regarding the threat to Poland coincided with a sharp depreciation of the zloty; the EUR/PLN exchange rate exceeded 4.65, and investor panic led to sell-offs on the Warsaw Stock Exchange (WSE) as well as currency intervention by the National Bank of Poland (Forsal, 2022; Parkiet, 2022). Garland (2008) emphasizes that moral panics can have institutional repercussions driven by pressure to tighten regulations or alter public policy. This mechanism can be observed in areas such as monetary policy and financial supervision. In summary, social media act as a catalyst for the spread of contagious emotions (Vosoughi et al., 2018). In the context of the Polish financial sector, these media outlets stimulate or amplify moral panics by linking the classic media spiral (Hall et al., 1978; Garland, 2008) with a heightened public perception of risk and potential harm (Beck, 2002). In particular, this can lead to so-called... a run by depositors on a bank or banks, fluctuations in the zloty’s exchange rate against foreign currencies, or even hasty regulatory reactions.

MORAL PANIC AND DEPOSIT RUNS ON IDEA BANK AND GETIN NOBLE BANK

The financial condition of Idea Bank and Getin Noble Bank during the latter half of the 2010s was a matter of particular concern for financial safety net institutions, partly due to mounting operating losses. While the deterioration of these banks’ standing was not common knowledge among the general public, it was impossible to conceal within banking circles and among financial experts. In November 2018, a liquidity crisis emerged at Idea Bank and Getin Noble Bank following a rapid outflow of funds. This outflow occurred via both electronic banking channels and branch withdrawals; however, the lack of publicly available data on the breakdown of these channels makes it impossible to definitively classify the phenomenon as a “digital”

⁶ In sociology, the spiral of reinforcing deviance happens in societies or social environments when attempts are made to eliminate slightly deviant or criminal behaviors by labeling and shaming them in a way that ultimately furthers the marginalization of people seen as deviant and leads them to engage in more deviant behavior, which in turn increases social disapproval and keeps the cycle going.

⁷ Analyses of penal populism in Poland show a similar mechanism – the media act as the main channel shaping punitive feelings towards certain groups (Karaźniewicz and Kotowska, 2011). Penal populism is the shaping of criminal laws under the influence of emotions and the media, without taking expert opinions into account, characterized by harshness and a lack of sympathy for offenders.

deposit run in the strict sense. At the time, the crisis was directly caused by the outflow of deposits following media revelations regarding a confidential recording of a conversation between the banks' controlling shareholder, Leszek Czarnecki, and the Chairman of the Polish Financial Supervision Authority, Marek Chrzanowski. It is worth noting that the financial health of both banks had already raised concerns among safety net institutions, and both had been implementing recovery plans since 2016. Threats to their solvency stemmed from factors such as a toxic portfolio of Swiss franc-denominated loans, legal risks, mounting losses, and liquidity issues, as well as supervisory actions that triggered a reputational crisis and, ultimately, a deposit run.⁸ Liquidity support from the NBP made it possible to temporarily stabilize the situation, yet it did not eliminate the structural causes of insolvency risks.

In the context of moral panic, it is important to highlight the significance of the published details regarding the conversation between L. Czarnecki and M. Chrzanowski – information that was disseminated not only through traditional national media outlets but also widely across social media.⁹ In 2018, Idea Bank recorded a loss of approximately PLN 1.9 billion, and its capital ratios plummeted to 2.5%, falling well below prudential requirements. Following 2018, Idea Bank entered a downward spiral that culminated in the announcement of a compulsory restructuring process on December 30, 2020, and the acquisition of Idea Bank's business by Bank Pekao in early 2021. The value of the acquired deposits amounted to approximately PLN 14.6 billion. Subsequently, in July 2022, bankruptcy was declared for the residual Idea Bank entity, which retained shares and subordinated bonds that were subsequently written down (bail-in). After 2018, Getin Noble Bank entered a persistent capital crisis that resulted in the initiation of compulsory restructuring (on September 30, 2022), the transfer of the healthy portion of its assets – including deposits worth PLN 39.5 billion – to a bridge bank (VeloBank), and the eventual bankruptcy of the residual entity in July 2023. The Getin Noble Bank case represented the largest resolution process in the history of Polish banking.

In 2018, Idea Bank recorded a loss of approximately PLN 1.9 billion, and its capital ratios plummeted to 2.5% – well below prudential requirements. Following 2018, Idea Bank entered a downward spiral that culminated in the initiation of a compulsory restructuring process on December 30, 2020, and the takeover of its business by Bank Pekao in early 2021. The value of the acquired deposits amounted to approximately PLN 14.6 billion. Subsequently, in July 2022, bankruptcy was declared for the residual entity of Idea Bank, which held the shares and subordinated bonds that were subsequently written down (bail-in).

⁸ Statement by the Bank Guarantee Fund and the Office of the Polish Financial Supervision Authority regarding the compulsory restructuring of Getin Noble Bank. More details in the LEX Legal Information System: https://sip.lex.pl/orzeczenia-i-pisma-urzedowe/pisma-urzedowe/oswiadczenie-bankowego-funduszu-gwarancyjnego-oraz-urzedu-185249007?utm_source=copilot.com [accessed: 4.09.2026].

⁹ On a side note, it is worth mentioning the low level of public awareness of bankruptcy and restructuring processes. The publicity surrounding a fragment of L. Czarnecki's recording, which discusses Zdzisław Sokal's (then President of the Bank Guarantee Fund and President Duda's representative at the Polish Financial Supervision Authority) alleged plan to take over a bank in trouble for ...for one zloty and its recapitalization with PLN 2 billion. Without taking into account the bank's net value (factoring in its losses and liabilities), the PLN 1 figure is fundamentally misleading to the average bank customer.

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Interpreting the bank runs experienced by these institutions solely in terms of moral panic is an oversimplification; one must also take into account their deteriorating financial standing and the deposit guarantee system. The specific nature of the Bank Guarantee Fund (BFG) guarantee scheme necessitated a segmentation of the bank's client base – specifically distinguishing those with claims exceeding the €100,000 guarantee limit, as well as holders of bonds or other financial instruments not covered by the guarantee. A separate segment consisted of so-called “Swiss franc borrowers” (*frankowicze*), who were anticipating favorable dispute resolutions based on the classification of certain clauses in their residential mortgage contracts as abusive. Amidst the situation facing Getin Noble Bank, customer sentiment was heavily influenced by numerous media reports portraying the bank in a negative light. Under these circumstances, the bank's public relations efforts failed to significantly improve its image or restore public trust, although it did ultimately manage to stabilize the outflow of funds (Stockwatch.pl, 2022). However, consistent with the concept of moral panic, the customers' focus on the risk of bankruptcy exerted pressure not only on the banks themselves but also on financial safety-net institutions. This was particularly significant given that a potential bank failure – requiring the payout of guaranteed funds (approximately PLN 54.1 billion) alongside the settlement of other claims – would have been unprecedented in the Polish banking system. Despite controversies regarding the appropriateness of the measures adopted in the Regulation of the Minister of Development and Finance of May 25, 2017, concerning higher risk weights for real estate mortgage exposures, it can be assumed that these measures were motivated, at least in part, by the risk of social unrest.

A deeper analysis of the moral panic surrounding Swiss franc-indexed loans – viewed from a perspective broader than the purely sociological – would require a nuanced segmentation of borrowers: distinguishing between those who engaged in a form of “safe gambling” (moral hazard) when taking out their loans, and those whom banks – during the creditworthiness assessment process – steered toward foreign currency or currency-denominated loans instead of PLN-denominated ones. This primarily concerns CHF-denominated loans, which were attractive due to the favorable PLN/CHF exchange rate and interest rates. Awareness of currency risk is also a crucial factor.

However, when applying the concept of “bank panic” – interpreted here as the spread of contagious emotions – one must also consider the interests of lawyers at law firms (who stood to gain from representing borrowers) and politicians who ostensibly championed foreign currency loans as being more beneficial for clients (despite opposition from the Polish Financial Supervision Authority – KNF – and warnings from the Polish Bank Association). Regulators

also responded by issuing the KNB's 2006 Recommendation S, which tightened the rules for granting foreign-currency loans and was intended to serve both preventive and stabilizing purposes (KNB 2006), and the EBA's stress tests confirmed the resilience of Polish banks to the risk associated with Swiss franc loans (EBA 2023).

DISPUTES BETWEEN BORROWERS AND BANKS REGARDING CHF – DENOMINATED MORTGAGE AGREEMENTS

The escalating conflict between banks and borrowers holding so-called “Swiss franc loans” can be viewed through the lens of a moral panic. At the heart of the dispute lay legal risks associated with specific contract clauses – clauses that a significant segment of the legal community deemed abusive, a stance not devoid of self-interest regarding their own professional gain. The likelihood that this risk would materialize compelled banks to set aside substantial financial reserves.

In Poland, the crisis surrounding Swiss franc (CHF) mortgages evolved from a localized banking sector issue into a nationwide social drama dominated by narratives of “victims” and “perpetrators.” Applying Stanley Cohen’s model to analyze the issue’s maturation and the resulting risk of banking system destabilization requires considering several factors: the organization of groups opposing loan contract terms (often bolstered by lawyers who saw profit in litigating these disputes or even purchasing the loans themselves); media coverage that generally favored the borrowers’ position; and political statements and personal accounts. Examining these elements reveals the deeper social mechanisms that led to a redefinition of the relationships between citizens, the state, and financial institutions. CHF-denominated mortgage loans were granted in Poland on a massive scale between 2005 and 2008, with a total value of approximately PLN 116 billion at the time of origination (BIK, citing KNF data). Since 2012, such loans have no longer been widely issued, and the portfolio value has been steadily declining; by the end of 2018, bank balance sheets held 457.3 thousand CHF loans with a total value of PLN 104.8 billion (KNF, 2019). This decrease is attributable to repayments, settlements, currency conversions, and court-ordered contract invalidations.

KNF reports on currency risk and mortgage loan portfolios indicate that, at the end of 2018, the portfolio value stood at approximately PLN 104.8 billion, comprising 457.3 thousand active contracts. By the end of 2025, however, the Swiss franc loan portfolio in Poland had shrunk to just approximately PLN 8.2 billion, with around 115–150 thousand active or disputed contracts remaining in the sector. The sharp decline in the value and number of Swiss franc-denominated loans was driven by mass settlements (e.g., mBank settled 40% of its portfolio),¹⁰ final court rulings invalidating contracts, repayments, and currency conversions, all occurring against the backdrop of virtually no new sales of foreign currency loans since 2011.

¹⁰ mBank won 3 out of 1,081 “Swiss franc loan” cases in six months. Full data in the report: Swiss franc borrowers, euro loans, settlements, and repaid loans. Sosnowski, Attorneys-at-Law and Legal Advisors. <https://www.sprawy-przeciwko-bankom.pl/> [accessed:4.09.2026].

Table 1. Mapping the “Swiss franc borrowers” crisis onto the theoretical framework of moral panic

Elements of moral panic	Manifestations in the „Swiss franc borrowers” case
Underlying social anxiety	Existential risk, economic uncertainty, the cultural value of homeownership, distrust of banks, the power imbalance between professional institutions and the ordinary customer
Scapegoat	The banking sector portrayed as „banksters”; banks viewed as greedy and amoral institutions
Moral entrepreneurs	Activists (Tomasz Sadlik, the Dziubak couple) and organizations (Association of Those Harmed by the Banking and Legal System, Stop Banking Lawlessness Association)
Media amplification	Highlighting the customers’ status as victims and predicting dire scenarios for the banking sector
Political reaction	Promises of legislative intervention – subsequently withdrawn, yet the mere threat impacts the market
Symbolism and metaphors	Abusive clauses as a symbol of greed
Social reaction	Local and nationwide protests, mass litigation, and rulings by common courts, the Supreme Court, and the CJEU

Source: Own elaboration.

Analyzing the Swiss franc borrowers’ protest through the lens of moral panic theory reveals how the issue of legal risk transformed into a moral crusade threatening the stability of the Polish banking sector. However, this case introduces new elements to classical theory: a large financial institution became the “folk devil” (a figure of collective threat symbolically held responsible for violating social values; Cohen, 1972, p. 9), and the panic was instrumentally exploited by politicians. Yet the most significant takeaway is the role played by a segment of the judiciary which, by siding with consumers on formal grounds, validated the social movement’s moral claims – paradoxically contributing, within the economic paradigm, to a situation where the time value of money effectively became zero percent (in cases where loan agreements were declared void). The number of lawsuits concerning Swiss franc-indexed loans surged after 2019, reaching over 90,000 new cases in 2023. In 2024, approximately 82,700 new lawsuits were filed, while at the beginning of 2025, around 166,000 such cases remained pending (Ministry of Justice, 2025).

The experience of the Swiss franc loan crisis in Poland not only led to a significant erosion of the perception of banks as institutions of public trust among a large segment of society but also unprecedentedly strengthened the consumer’s position in the financial market. This is, after all, not unrelated to the European Union’s pro-consumer legislation. From a sociological perspective, one might venture to suggest that the so-called “franc panic” will come to be seen as a story of civic awakening and the triumph of the rule of law over the power of capital.

SUMMARY

The structure of moral panic offers a useful analytical framework for explaining – or at least interpreting – how exaggerated accounts and concerns regarding social problems and deviance permeate public opinion and the political sphere (Cohen, 2002; Garland, 2008). A typical model follows a sequence comprising a specific event or phenomenon, the interests of a social or professional group, media pressure surrounding the event, vocal criticism from the political opposition, a response from policymakers, and the enactment of – often hastily drafted – legislation (Cohen, 2002; Goode and Ben-Yehuda, 2009). Under specific circumstances, moral panic can pose a threat to the stability of the financial sector in the short to medium term; however, its ephemeral nature limits its long-term impact and may even neutralize its destabilizing potential.

The analysis presented in this article illustrates the impact of moral panic – amplified by the actions of other actors, particularly the high-profile, mass reaction of traditional and social media to the localized destabilization of banks or even the risk of systemic banking sector instability. Empirically validating this thesis would require in-depth research, including the collection of longitudinal data and the estimation of the strength of relationships or the timing of the phenomenon's occurrence, its public disclosure, and its dissemination across media channels (especially social media), while also incorporating detailed information reflecting changes in the financial standing of individual banks. An analysis of the Swiss franc loan crisis through the lens of moral panic reveals that a sudden surge of emotion and anxiety can have far-reaching consequences for the financial sector. A key factor is the way “moral entrepreneurs” and their allies – individuals or groups actively defining public issues – construct a narrative of threat by exaggerating risks and oversimplifying their causes.¹¹ Consequently, the public (or a segment thereof) demands swift action from decision-makers, regulators, and legislators – demands that often result in ad hoc solutions lacking full consideration or rationality.

The case of Swiss franc loans in Poland demonstrates that credibility can be rapidly shaken or lost, even in an environment of relatively high trust in banking institutions.¹² Panic – fueled by moral entrepreneurs and other activists spreading rumors of bank insolvency, dire warnings about a currency collapse, sharp interest rate hikes, or account freezes due to cyberattacks or major system failures – effectively stokes emotions; when these narratives are amplified in the media through a snowball or avalanche effect, they threaten the stability of the entire system (cf. Dec and Masiukiewicz, 2015). This type of crisis is normative in nature: it stems from a perceived violation of principles of fairness and the conviction that consumers have fallen victim to the system – a situation that can lead both to legitimate demands for protection and to actions detrimental to both customers and institutions (Życie Bez Kredytu, 2021). In response to such panic, policymakers and key market or system actors should employ not only

¹¹ Cf. the mechanism described in Polish studies on moral panics regarding the family (Sokołowska, 2015).

¹² According to a CBOS study (2012), in 2012, 62% of Poles believed that the money entrusted to banks was safe.

regulatory instruments or concrete decisions but also credible information and educational initiatives, ideally involving recognized authorities. The aim is to achieve both an immediate effect – containing the panic – and a long-term impact on competence, fostering greater stakeholder awareness.¹³ Such initiatives are particularly valuable today, given the prevalence of “fake news” and the way online platform algorithms make such information appear highly plausible by tailoring content to individual characteristics.

The case of Swiss franc mortgage holders also exposes the limitations of domestic theoretical discourse regarding moral panic. Consequently, further analysis is required – covering a broad spectrum of phenomena, from financial crises to ideological or even worldview-based disputes – to identify the common features of the mechanisms that generate panic and to catalog their specific characteristics. In an era defined by the growing influence of fintech and social media, where information spreads rapidly, there is a risk of new forms of moral panic emerging – for instance, concerning cryptocurrencies or lending platforms; they require heightened vigilance and cooperation between researchers and financial market practitioners, as well as an appropriate response from regulators and legislators. For moral panic is not merely an irrational reaction of the crowd but also a signal of genuine fears and frustrations which – if understood and incorporated into public policy – can contribute to the development of a fairer and more stable financial system (Sokołowska, 2015).

The issue of moral or safe gambling – concepts closely linked to moral panic – has received only marginal attention in these deliberations. However, unlike moral panic, which falls within the domains of sociology, political science, or criminology, moral hazard is intrinsically tied to economics and finance. Effectively managing moral panic and moral hazard requires the methodological and procedural integration of research into these categories, as well as their interdisciplinary consolidation.

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¹³ KNF announcements after Russia's invasion in 2022 helped limit the risk of a deposit panic (KNF, 2022). The National Bank of Poland, after Russia's invasion of Ukraine on February 24, 2022, carried out currency market interventions, curbing the sharp depreciation of the zloty (NBP, 2022a). Statements from the NBP president had a calming effect on the market and public opinion, reducing the risk of both currency and deposit panic (Borowski and Jaworski, 2024, pp. 33–45). This confirms the thesis about the systemic role of communication by financial safety network links, especially the central bank, in stabilizing the situation even in the case of crisis triggers with a transnational character (NBP, 2022b).

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