The role of central banks in the market economy in a period of financial crisis

INTRODUCTION

Everywhere in the world the central bank in the national economy (but especially in the market economy) fulfills a number of important tasks related to money circulation and providing the economy with credit. Undoubtedly first of all is responsible for inflow of cash money into economy as well as creation of credit money by commercial banks. Besides, the central bank is also creating terms for efficient process of money settlements made via commercial banks. In the range of fulfilling basic tasks of financial policy the central bank is being guided by the imposed aims. In the contemporary modern market economies the stability of money is such an undisputed long term aim of central bank policy. Accomplishment of purpose which is the stability of money is fulfilled by money policy instruments used by the bank [Janc, 2010]. The money stabilization is taking place in two dimensions:

- stabilization of internal money value,
- stabilization of external money value.

The stability of price level depends on the amount of money in circulation. The amount of cash money being in circulation is determined by the central bank which is exercising the exclusiveness of right to issue the money [Sławiński, Tymoczko, 2010]. The amount of credit money is determined by the possibilities of commercial banks in the range of credit money creation. However, the central bank must control the creation of credit money by the money policy instruments [Tymoczko, 2010]. It should be underlined that since starting the suprime mortgage loans crisis which has quickly spread all over the world and touched almost all world’s economies, has passed already five years. And as well as there has been passed three and half years since the bankruptcy of Lehman Brothers bank which the insolvency strucked financial enviroment [Skrzypek, 2007–2010]. That time has been started the period of high variabi-
ity and uncertainty on the global financial markets, also there has been revealed many additional risk factors which influenced both the financial and the real sphere of economy [Pietrzak, 2008, p. 24]. The first effect of financial market turbulences were problems with fluidity. The lack of trust has been started spreading among banks which incurred huge losses because of abortive investments caused almost breakdown of transactions on the interbank markets. These problems also touched Poland, although there wasn’t any substantial justification. And this way, healthy, free from toxic assets, rendering record-breaking profits the Polish banking sector responded in the same manner like seized with real crisis markets as a result of negative affection transferred from abroad. In the reaction to trust crisis on the interbanking market the National Bank of Poland immediately took up an action which aim was a counteraction for appearing crisis occurrences in the Polish financial sector.

The aim of this article is first of all to indicate important role of the Polish central bank and its various actions undertaken in reaction to world’s financial and economic crisis in the European economy as well as to present the essence and influence the relation between different entities, especially commercial banks, in the lasting crisis, and consequently to point methods of implementation of openness (transparency) activities.

In every country in the world the central bank needs sincere and open (transparent) confidence of its cooperators in order to effectively influence their functioning [Górski, 2009, p. 26]. Inspite of common opinion the central banks in each countries undertook various actions of both direct and indirect character, contributing to soften negative results of crisis, in particular for ordinary citizens [Elgie, 1998, p. 53–76].

I. THE CENTRAL BANK ACTIVITY TOWARDS TO THE DIAGNOSIS OF FINANCIAL CRISIS CAUSES

Undoubtedly crisis on the American subprime market is a multidimensional occurrence, therefore evokes a lot of controversy and questions. The problem concerns not only the character of disorders causes but also expected effects. It should be noticed that to understand mechanism of crisis origin it is necessary to diagnose the crisis causes in the world. There should be mentioned: macroeconomic factors, microeconomic factors and the coincidence of adverse market occurrences [Polska wobec...]. Macroeconomic causes were related to disadvantageous, growing for a decade at least, lack of balance in the global scale. Rea-
sons of this growing haven’t been explained yet in a satisfied way. Some economists are pointing out that the reason could be accumulation of savings in growing economies (such as Asian countries, exporters of petroleum), underdeveloped system of financial intermediation made more difficult investing in these countries [Bini Smaghi, 2008, p. 82–84]. From the other side, savings rate in developed countries, in particular in the USA, seemed to be too low. Globalization processes, such as China join in the world’s market, could intensify these tendencies. Moreover, the real interest rates were kept on the very low level for many years, what was the result of keeping up inflation rate by central banks and restraining pressure on prices growing by the effects related to the globalization. Low interest rates both in the USA and in other developed countries caused rapid growth of credits volume in these countries as well as sudden rise of prices of different assets, e.g. securities, real estates or raw materials. Searching for the highest rates of return without sufficient valuation of assets and investment risk resulted in differences between market valuations and its foundations, what could be seen as a speculative bubbles on various markets [Sławiński, Tymoczko, 2010]. Other important factors were microeconomic causes. One of the most important was defective structure of incentives influence consumers of financial services and institutions [Sławiński, Tymoczko, 2010]. From the one side consumers of financial services hadn’t enough information to precisely analyse financial instruments offered them or objective rate the security of cooperating financial institutions. From the other side managers of many financial institutions aimed to maximize rates of return from capital at all costs and regardless of the risk what resulted in the threat of whole system. As well as the incentives system of rating agencies wasn’t right [Borio, Disyatat, 2010, p. 19]. For a long time activity of these agencies was closely associated with debt issuers and increasing complexity of instruments of rating agencies valuations subject seemed to facilitate making evaluations lowering the risk out [Bini Smaghi 2008, p. 78–82]. Increasing complication of financial instruments as well as complexity of financial markets started to be a problem from the point of view of evaluation and the risk management. It should be noticed that in the past financial markets weren’t as much variable and the risk related to the majority of new instruments was difficult for the evaluation. The lack of transparency of financial transactions wasn’t the problem only for customers of financial institutions. Difficulties related to valuation of risk made also difficult owners’ supervision which turned out to be too weak to stop financial institutions from undertaking exaggerated risk. Development of financial markets and formation of large number of institutions which aren’t under control of financial supervision regulations caused that the important part of financial system had stayed without the adequate supervi-
sion. Alike to other crises, direct factor which released crisis was the coincidence of adverse market factors. In the case of current crisis it is possible to indicate unexpected amount of financial leverage of financial institutions which caused that even small loss of assets value caused as well the solvency problems even in the case of relatively big financial institutions.

II. THE ROLE OF THE NATIONAL BANK OF POLAND IN THE RANGE OF ANTICRISIS ACTIVITY

2.1. SERVICE OF THE BUDGET AND THE TREASURY IN RELATION TO THE NATIONAL BANK OF POLAND

The role of the National Bank of Poland is to keep government accounts and conduct financial transactions in the country and abroad in the name of government and to give credits for government on determined conditions [Dynia, 2006, p. 29–35]. The National Bank of Poland is also sharing responsibility for managing currency reserves of state, shaping foreign exchange and currency policy. The central bank determines the level of currency exchange rate (i.e. points outside money value), which is showing the purchasing power of national currency towards the foreign currency [Kotyński (red.), 2005, p. 32]. Being in charge of state’s bank is meaningful on a world’s as well European scale, because the central bank represents Poland on the international “arena” of financial institutions and also cooperates with the International Investment Bank. Central bank is also cooperating in making the balance of payments and controlling of foreign turnovers’ payments which aims to leveling the payment balance of country [Domagała, 2007, p. 28–32]. The aim is to counteract undesirable rise in the amount of money in the case of active balance and undesirable reduction in the amount of money in the case of deficit. When the balance is active, the central bank can try to stimulate the export of money, discourage foreign entities for making deposits or counteract the inflow of foreign capital in the way of incurring foreign credits by national companies [Chodubski, 2003, p. 81]. When the payment balance is adverse, the central bank can try to raise interest rate by using instruments of monetary policy to attract foreign currency deposits from abroad. The raise of discount rate means also the raise of domestic credit cost and may influence the growth of economy negatively [Marszałek, 2004, p. 39–42]. It is known that the central bank can grant direct credit for the state budget for covering temporary deficiency of funds but not for the budget deficit, this credit may be granted for determined short period of time and the height determined by the act (by amount
or per cen). Long lasting deficit should be covered by interest charged bonds, and short time – by the 3 monthly interest charged treasury bills [Cybulski, 2006, p. 77 i n].

Forms of state budget financing by the central bank:

a. direct financing:
   − credit in the open account,
   − purchase of short – term bonds;

b. indirect financing:
   − purchase of treasury bonds on the open market,
   − rediscount of treasury bills,
   − granting the credit on guarantee of government securities.

In the range of state treasury service, the National Bank of Poland is keeping bank service of state treasury in the scope determined in the act on public finances. The National Bank of Poland is conducting, among others a central current account of the state’s budget as well as current and supporting accounts of national budgetary units and national earmarked funds. Moreover the National Bank of Poland is managing, by the approval of the Chairman of the National Bank of Poland, bank accounts of other legal entities by the act on the National Bank of Poland (art. 51.1.4) as well as accounts of another entities which are entitled to open accounts in the National Bank of Poland by the acts. Since Polish accession to the European Union the National Bank of Poland is conducting the bank accounts which are intended for servicing financial means transferred from European Union funds and Union means arising from Polish membership fee. The National Bank of Poland is conducting accounts in national and foreign currencies. At present, the National Bank of Poland is servicing about 3750 holders of accounts, for which is conducting about 16 290 accounts, including 774 accounts connected with redistribution of financial means from the European Union. The financial world-wide crisis hadn’t touched much Polish financial institutions. Therefore it is said that the crisis consequences could indirectly influence their position by reducing the fluidity on international financial markets or problems experienced by institutions owning banks which has branches in Poland. It is a reason that all activities of Polish public institutions concentrated and still are concentrating mainly on the stabilization of financial system in the country [Skrzypek 2007–2010, p. 86]. In this context activities undertaken by the National Bank of Poland were of special importance and a stability of banking system is an evidence of their effectiveness. Although in the beginning of the crisis Poland, similarly to some other developing economies, didn’t notice indirect effects of crisis, anyway with time recessional tendencies started to intensify in the world’s economy and also started influence Polish economy. At first disorders
on global financial markets influence mainly capital markets on economies of such countries as Poland. It is possible to divide activities taken by the National Bank of Poland on related to risk limitation, caused by disorders of interbank financial markets functioning and consequently liquidity risks of many banks as well as activities improving fluidity of individual banks. The first kind of activity includes such an operations as repo, currency swaps or so called trusting package. In this scope the National Bank of Poland took up comprehensive activities which facilitate supply individual banks with fluidity [Janc 2010, p. 54]. Owing to government and the National Bank of Poland activities Poland has been classified to small group of countries which are able to unconditionally use of flexible credit line implemented by the International Monetary Fund. The access to this line improved the image of Poland in a view of foreign investors and consequently lower the risk of speculative attacks on Polish currency as well as contributed to the reduction of costs of financing Polish business entities. Amongst anticrisis action it is worth to underline positive role of the Committee of Financial Supervision which aim was to capital consolidation of banks in Poland. In the time of crisis good results had also the model of activities coordination of individual national institutions developed by the Committee of Financial Stability [Tymoczko, 2010, p. 68].

III. SHAPING OF CRISIS PROCESSES IN POLAND AND EUROPE AND PROGNOSIS

Undoubtedly it should be noticed that in comparison to other European countries Poland has suffered in result of the financial world-wide crisis in a lesser degree, and effects of economic slowing down were noticed after some time in Poland [Sławiński, 2010, p. 93]. It is possible to state that in the global scale the decrease of GDP has been stoped at least, the signals comming from European economy in the years 2010–2011 wasn’t interchangable what could also result in uncertainty as to future increase of GDP in Poland [Sławiński, 2010]. Not all developing countries were rated equally by investors in the face of crisis. The Centre-eastern Europe countries were mostly affected by the crisis of trust. Investors paid attention for lasting in many countries of the region, much greater than in Asian or Latin American countries, outside imbalances which resulted in fast growing of foreign dept and subjection from foreign capital (it concerned Baltic countries, Bulgaria and Romania especially), relatively high shortages of public finance sector, as well as potentially lower stability of banking system (rapid growth of credit campaign, financed with means gained from abroad). In
result the scale of capital outflow and domestic currencies depreciation was one of the biggest in this region amongst developing economies [Sławiński, 2010]. Growing in previous years commercial and financial connections (expansion of European banks) with going through serious crisis countries of EU-15 were an additional factor which decreased resistance for the global crisis in this region. The main channels which the world economic crisis get through to the Centre – Eastern Europe were the financial markets and foreign trade. Expansion of European financial institutions into markets of EU new member states enabled easier access to credits. High dynamics of credit campaign, which apogee was in years 2006–2007, was one of the most important factors influence rapid economic growth in years 2004–2007 [Sławiński, 2010]. However the growth of credit campaign wasn’t supported by such a fast increase of domestic deposits what made banks borrow means from their “mother’s banks” or on the international interbank market. These factors, with the growth of aversion to the risk at the same time, as well as problems with liquidity of international financial institutions resulted in reducing of capital inflow to the Central – Eastern Europe, limiting of credit campaign, especially credits granted in foreign currencies [European Commission, 2011]. The most noticeable it was in Baltic countries, where annual dynamics of credit reduced from over the 60% in 2006 to even negative values (average –1 per cent) in July 2009 as well as in Bulgaria and Romania – appropriately from the 60% in 2007 to about 10% in July 2009. In case of Poland, the Czech Republic and Hungary decline of credit campaign dynamics was definitely lower, however it was also twice lower than in previous years. It is worth to underline that in comparison to previous slowing down the increase of unemployment rate in Poland was relatively low and the main channel of labour market adapting to situation was notable decrease payment dynamics. It wasn't possible to observe because negative effects influence a rise in unemployment starting to reveal after the period which entrepreneurs didn’t decide for dismissing. Farther progress of situation on the labour market will depend to a high degree on economic growth both in Europe and the world and in consequence the ability of Polish economy to return on the path of sustainable growth. Experts in this range are agreeable as to one, that in spite of positive tendencies in the world’s economy in the last quarters, there are still occurring numerous sources of uncertainty as to the future situation. At first, economic foundations in the euro zone as well as in the United States after the recession period are still susceptible to disorders. At second, numerous, often short-term operations taken to counteract effects of crisis and possible mistakes in the future economic policy in the longer perspective may influence arising of another problems which can make difficult getting out the crisis. At third, continious danger for going back to
permanent growth is risk of another strong disorders on financial markets. The scale of long-term effects of crisis for shaping future potential product and other measures of economic development still haven’t been estimated, what increase the uncertainty of prognosis. Another very important factor of uncertainty is still strong increase of budget deficit and public sector debt in the majority of developed countries. In many cases increase of debt service costs may make difficult in high degree going back to path of fast economic growth. Problems related to public finance seems to be very important in the context of Polish aspiration to entry the euro zone [Pietrzak, Markiewicz, 2003, p. 89]. Increase of budget deficit in years 2009 and 2010 as well as prediction of budget deficit higher than 5 per cent at least to 2014 year, it means that Poland will not meet criteria of Stability and Development Pact by this time and is coming under the procedure of the excessive deficit. On the other hand countries of euro zone which used to have high debt in relation to GDP and with rapid growth of budget deficit often had much bigger problems [Sławiński, 2010, p. 100].

The valuation of individual countries debt in the euro zone by financial markets very often shows that countries inside the shared currency area aren't treated as the homogeneous group, and some of them must offer bonds with the higher profitability than Polish ones. Growing importance of quality aspects in functioning of central banks, is mostly effect of changes in this range initiated in the beginning of 90’s years of the last century [Solarz, 1993, p. 58]. A lot of central banks in the world during lasting financial crisis is trying to seize whole responsibility for inflation arising and shaping as well as all the time is considering prices stability level both on the financial and banking market as its principal aim [Pietrzak, Markiewicz, 2003, p. 86]. Even though many Polish economists and politicians is claiming that the crisis on the American financial market it’s not supposed to be transfered into Polish financial market, they can be wrong. Because in the global financial market unfortunately there aren’t existing any barriers and at least distant in time effects of present crisis will be perceptible also in Poland in future [Sławiński 2010, p. 102]. At the beginning of system, social and economic transformation it was possible to observe that central bank policy was characterised by the high reserve in informing interested parties about its activity and intentions [Tymoczko, 2010, p. 75]. At that time functioning banking system was so mysterious and incomprehensible – it was creating such an impression, that ordinary participant of financial market could be convinced that all its activities are so complicated that without any professional knowledge it wouldn’t be possible to understand the central bank functioning methods. Monetary policy, as it is known, is one of the national eco-
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IV. PROSPECTS OF THE GROWTH IN THE ECONOMY IN POLAND

Influence of financial world-wide crisis on Polish economy and monetary policy implemented by authorities are used to soften crisis consequences and effects. The main and the most important aim of these activities are above all reducing or minimizing adverse impact of financial world-wide crisis to Polish economy in a short term and in consequence the attempt to make economy more resistant to similar cataclysms or also economic crisis in the future. It is a reason which made authorities to pay attention that suggested courses of changes wouldn’t lead to negative consequences both in the medium and long period of time, anyway in the process of formulating individual recommendation the most important were mainly short term effects. Therefore, these wasn’t proposals which aim was first of all to expedite pace of Polish convergence in relation to EU-15 countries or considering the rate of growth of Poland in long term [Gromiec, 2010, p. 69–77]. The first report on effects of crisis prepared by the National Bank of Poland aroused interest of academia, specialists and media. Numerous suggestions concerning supplements reported during a series of scientific meetings or during presentations with participation of Polish economists as well as getting improved economic situation of country caused that the entire world was delighted of Polish situation in this range. It is worth to underline that above mentioned activities of economic policy has complementary, rather than substitutive character because these activities are important completion of national economic policy [Cybulski, 2006, p. 77 i n.]. Moreover it should be also added that supporting development of economy in medium and long term requires a detailed analysis of development challenges which Poland is being confronted at present, as well as – what is more important – formulating prognosis in relation to challenges which Poland will be compared in the perspective of a few or even several dozen years. The most important challenges for Poland in long term are among others: building bases for development of innovative economy based on the knowledge, building the human capital serving the economic development of the country, active counteraction of structural unemployment, changes in the tax system and activities aiming to creation of stable financial sector, including banking sector. The most often recalled barriers of Poland development in medium and long term are an insufficient innovation and low
level of economy development based on the knowledge. Long term repair activities should have structural and gradual character, enabling the change of stimulus structure at companies, public institutions and universities level. Gradual raising the expenditure on the research and development should not be combined with the course of economic cycle and immediate effects shouldn’t be expected. The main actions which should be taken up are: science financing accumulation from the public means on the chosen education centre and strong connection of financing with research results, promotion of cooperation between education and research centres and enterprises, as well as creating incentives for investing in research projects by enterprises. Moreover, it should be noticed, that apart from innovations and better using of knowledge in economic processes, the other important factor, essential for fast development of Poland in medium and long term, is strong enough pace of human capital accumulation. It is regarded to higher education in particular, thanks to good developed education system employers may find appropriate number of well qualified people on the labour market. One of more difficult problems taken into consideration in the context of present crisis influence the labour market, not only in Poland but also in the most of developed countries in the world, is not a rise of unemployment as a result of production decline, but the concern for the later holding of unemployment on the raised level [European Commission]. As to the previous experiences, cyclical rise of unemployment is bringing the risk of cyclic unemployment transformation into structural unemployment, that is occurring of hysteresis unemployment effect [Gromiec, 2010, p. 69–77]. The permanent high level of unemployment causes not only adverse economic effects (decrease of the population income, the consumption decline and the aggregate demand, decrease of budget income and increase of expenditure of the public finance sector, lowering potential economic growth rate and in the same time the pace of Polish economy convergence in relation to EU average) but also high social costs (lowering the quality of life, decrease of physical and psychological health level as well as satisfaction of life both the unemployed and their families, growth of crime) [Kowalski, 2009, p. 2]. Therefore, it is essential to undertaking activities aiming to prevent transformation of unemployment growth in the economic cycle into increaseof structural unemployment which can last for longer time. This actions should be multilateral, concentrating on a few aspects of labour market functioning [Cybulski, 2006, p. 77 i n.]. The tax system influence the economy because taxes influence decisions of citizens and enterprises in the range of resource allocation. The tax system is creating incentives which are determining choice of individual units in the range of working hours, the leisure time or also a level of savings, consumption and investment. At making up these choices not only a level of taxation, but also a structure of
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The notion of banking system stability, which gained special meaning in the period of financial crisis, the most often is following from the definition of finance system stability, pointing that with regard for role and functions of banks, the stability of banking sector is fundamental for stability of whole financial system [Pietrzak, 2008, p. 24].

Starting the subject of stability and involvement of Polish central bank into strengthening this stability in the period of crisis, at beginning there should be taken into consideration listed below permises:

1. In the conditions of lack of one financial stability definiton, including stability of banking system as well, for the purposes of this analysis it is ac-
cepted the notion used in the report prepared by the National Bank of Poland, where the stability of financesystem is: “the state which functions are exercised in constant and effective way, even in the case of occurring unexpected disorders of the big scale”. Financial stability is recognised as specific kind of public good, therefore it is assumed that it should be “delivered to the society in the appropriate amount”. The central bank must fulfill the fundamental role in this process [Domagała, 2007, p. 28–32].

2. Present central banks treat the financial stability as a priority, besides the monetary stability (the price stability, the stability of money), even though it is not included in their statutory regulations, as it is to monetary purpose. However, it is the most real aim closely determined by the character of central bank resulting from:

a. three basic functions which are assigning direct tasks of the central bank in the sphere of financial stability;

b. close relations between monetary stability following from fundamental purpose of the central bank and the stability of financial system;

c. the need of fulfilling quality criteria of functioning contemporary central banks, which are: independence, transparency, social responsibility and credibility.

Ad a. The function of the bank of the state which the essence is to be the most important national institution in the range of economic policy concerning the monetary sphere and being responsible for money stabilization, arise the need for care of institutional base of monetary policy implementation. Even as other units of economic system are responsible for conditions of fulfilling assigned functions within the limits of macroeconomic policy, similarly the central bank is responsible for the state of banking system which is carrying out in practice assumptions of monetary policy [Dynia, 2006, p. 29–35]. The function of the issuing bank by the wide meaning is connected not only to the privilege (the monopoly) of issuing money, but also to the regulation of the general money supply, that is also money supply created by commercial banks as well as to organization of money circulation. These tasks can be made properly only in conditions of banking system stability, what define interests of the central bank in that stability [Łazowski, Łabędzka, 2012, p. 102]. And next, the function of the bank of banks is meaning that other banks are keeping money reserves on the accounts in the central bank, that central bank is the source of credit reserve for these banks (the lender of the last resort), the central bank enables influence a fluidity in the banking system and as a result has an effect on the banking system stabilization and desired amount of credit campaign as well as the amount of non – cash money as the basic part of global money supply [Kamiński, 2005, p. 67].
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Ad b. These relations was described by O. Szczepańska in the precise and convincing way, she has written: “Stability of prices and stability of finance are closely connected, and the dependence between this both purposes is bilateral. The financial standing is determining conditions of monetary policy implementation, however the effectiveness of monetary policy is affecting the forming of situation in this system. That interrelation causes, that the central banks, which are formally responsible for the price stability, as well are interested in efficient working financial system which would be able to fulfill its functions correctly” [Szczepańska, 2008, p. 74]. About the importance of those relations are testifying among others:

- instruments of monetary policy (interest rate, open market operations, cash reserve ratio, credit – deposit operations), regulating affect the fluidity in the banking sector, possible for executing amount of credit campaigns and money supply, in the same time affect also stabilization of commercial banks activity conditions;
- stability of banking system or even whole financial system is the condition of successful accomplishment of monetary policy guidelines in the way of effective working monetary policy impulses transmission mechanism, and as a result achieving desired purpose in the form of prices stability;
- the central banks are institutions which have long and broad history of active participation in accomplishment of tasks in the favour of financial stability, central banks are the members of financial security network which other members are among others governments, institutions of financial supervision and guaranteed systems of deposits; they have in their disposal a wide range of instruments preventing crises and allowing to manage critical situations in effective way, it should be also remembered that one of the basic condition of effective activity of financial security network is clear share of competences among its participants and their responsible cooperation.

Ad c. Meeting these criteria positively influence stabilization of banking sector by connections between central bank which is fulfilling its three mentioned above fundamental tasks and commercial banks which are fulfilling tasks established in assumptions of monetary policy in executive and operational meaning. The condition of desired use of different forms of the central bank independence (economic and political, the independence of purpose and instruments, institutional, functional, financial and personal independence) is in the same time fulfilling three other quality criteria which are limiting possibilities of potential negative consequences transformation of that independence into real effects, noticable by both the financial and the real sphere [Gromiec, 2010, p. 69–77]. In particular the central bank as institution of huge autonomy aspiring to achieve high credibility must undertake many activities in the favour of bank-
ing system stability. This is the way the society perceives that credibility, which it is necessary to work for by the well organised communication with environment in the financial and real sphere as well as by responsible and effective decisions resulting in the success of preferred by the central bank field which is monetary policy [European Commission 2011]. The second quality criterion of modern central banks functioning – the transparency – should be considered in both formal (fulfilling the formal obligation of communicating with the environment) and material meaning (the need of choosing such a forms and methods of communication which enable recipients to interpret expressed intentions and informations of the central bank).

CONCLUSIONS

In November 2009 it was possible to notice appreciable decrease of crisis occurrences progress dynamics and the green colour on the map of Poland towards the red dominating colour on a map of Europe caused some kind of calmness and inspired the belief that the crisis won’t be so terrible for Poland as it seemed to be at first. Therefore, in public discussions and debates has been started to pay attention for possible social effects of crisis and its extend in Poland, pointing that individual indicators are much more worse in other European countries. This observation showed that threats concerned mainly increasing rate of unemployment, apprehension of stopping regional development, concern for social security system in individual countries whether counteracting some new pathological occurrences. Hence economists and financiers opinions has been followed by more emphatic estimations made by philosophers, ethicists or economic concepts historians suggesting the need for return to universal values of capitalism which has been forgotten in the fervour of consumption plenitude and extra profits gained by banks and other financial institutions in a period of prosperity [European Commission 2011]. It is a reason for which also common, individual customers of financial institutions started interesting in their savings and security of banking deposits, those people hadn’t anything incommon with developed financial analyses and economic effects of occurrences which has been started concern also them [Sławiński, 2010, p. 103]. Therefore activities undertaken by the National Bank of Poland, other European central banks as well as the European Central Bank has been raised interest. Taking into consideration above described considerations, the question is arising which has no replay for present day: when and what conditions should meet Poland to join the Euro zone? It is worth to notice that various actions taken by the central banks in individual countries and the ECB has
been analysed in the purpose of redeveloping and keeping fluidity on interbank markets but also has been characterised and introduced instruments which were used by various banks including FED. It seems to be a sad paradox that supported by central banks aspiration to relative limiting the role of financial supervision and relaying mainly on the market discipline, what’s meaning the assumption that financial markets are able to estimate the credibility of individual financial institutions by themself, what caused the arise of extremely unclear financial system where the market discipline could not be a factor reducing chances of development of institutions taking up too big risk. Contrary, for many years taking too big risk was an effective recipe for development and making extra profits. This kind of activity was allowed by financial system which was so unclear that neither supervisory authorities nor financial institutions did not realize the quickly growing system danger. The dislike of monetary authorities for strengthen financial supervisory resulted from the faith, that the development of financial markets move them closer to the state assumed in general balance models used by the central banks which assume meeting the condition of financial markets completeness, that is the situation when participants of the economic life have a free access to various forms of financing and are able to protect themselves against any kind of risk. Belief that there is taking place such a process resulted among others from benefits which brought previous development of financial markets. However it wasn’t taken into consideration that these were relatively simple instruments which markets become fluid (that is save) in short period of time. But unfortunately, new instruments were different. These are complicated instruments, not standardised, which markets wasn’t fluid and in the same time susceptible to breakdowns. The development of new financial instruments contributed not only to radical reduction of interbank markets transparency but also to the increase of procyclical scale of banks credit campaigns. Experience of present crisis will cause that the need for limiting pro cyclical character of banks credit campaigns become one of the main tasks in the range of monetary policy for central banks. However experience of a few countries is showing that aggravating of monetary policy only, can not be enough to stop the exaggerated credit expansion. Using instruments of supervisory policy for that purpose will be necessary. The objective of supervisory policy will not already be only financial stability. The supervisory policy become also very important instrument of stabilizing the situation. Spanish experiences show this direction of supervision evolution. The changes in the supervisory system prevented banks from losses which suffered banks in other countries, but haven’t protected Spanish economy from unstable credit boom. The evolution of supervisory policy is supposed to be developed in direction of its greater impact to criteria of granting credits applied
by commercial banks to prevent credits from strong erosion in periods of upturn in the economy. The main reason of inflation increase in many countries was strong increase of food and raw materials prices on the global market in a few last years. Precise analysis of this occurrence reasons shows that the one of the most important factors which caused inflation of food and raw materials prices was the lack of supervision of interbank market functioning. As well as in this case arouse need so that supervisory policy supported monetary policy in its aim of inflation stabilizing. The theory still doesn’t offer precise answers to a question on optimal structure of supervisory instruments which could protect economy against an exaggerated risk taking by financial institutions and against pro cycling of banks credit campaigns.

**BIBLIOGRAPHY**


**Summary**

The central bank – isn’t a typical business entity (it’s character is not commercial), neither a body of government administration, although some central bank’s attributes seems to be similar to those units. The central banks with regard for fulfilled functions and implemented tasks are considered to be public sector bodies. The central banks are the state units or units subordinated to the state, which has various degree of independence, e.g.: in the USA and Germany the central bank is characterised with large extend of autonomy but in...
Japan, the Great Britain and Norway the central bank is subordinated to the state in a large degree. In Poland the central bank (the National Bank of Poland) is responsible for a stability of national currency. The National Bank of Poland, fulfilling its’ constitutional duty, is preparing and implementing the strategy of monetary policy, as well as assumptions of monetary policy which are enacted every year. The central bank is ensuring appropriate level of state’s financial safety by the managing of foreign currency reserves. In the range of fulfilled supervisory and regulatory functions the National Bank of Poland is being concerned for the fluidity, the efficiency and the safety of payment system. It’s also contributing to development of safe infrastructure of financial market.