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PUBLISHER:

Bank Guarantee Fund
ul. Ks. Ignacego Jana Skorupki 4
00-546 Warszawa

SECRETARY:

Ewa Teleżyńska, Małgorzata Polak
Telephone: 22 583 08 78, 22 583 05 74
e-mail: ewa.telezynska@bfg.pl; malgorzata.polak@bfg.pl

www.bfg.pl



Typesetting and printing by:
Dom Wydawniczy ELIPSA
ul. Inflancka 15/198, 00-189 Warszawa
tel./fax 22 635 03 01, 22 635 17 85
e-mail: elipsa@elipsa.pl, www.elipsa.pl

*Jan Szambelańczyk**

**Piotr Aleksandrowicz, Aleksandra Fandrejewska-Tomczyk,
*Reform of the Polish banking system from 1987 to 2004
in the memories of its authors*
(*Reforma polskiego system bankowego w latach 1987–2004 we
wspomnieniach jej twórców*).**
Wydawnictwa Uniwersytetu Warszawskiego,
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The work of Piotr Aleksandrowicz and Aleksandra Fandrejewska-Tomczyk is original from a number of aspects. First of all, it documents the processes and activities of the people engaged in the reform of the Polish banking system that was unprecedented in the history of Poland and probably unique on a global scale. In addition, it addresses issues either presented very modestly or absent from the national literature, which are of great importance to the careers of thousands of professionals and managers and, more importantly, fulfilment of the personal plans of millions of Poles and entities operating in the Polish system. Third, the book documents the experiences of the people who were the architects of transformation of the Polish banking sector at its various levels, with information coming from interviews with more than 30 people. As Prof. Marek Belka, President of the National Bank of Poland writes in his preface to the work: *The reader is presented with a rich, multidimensional look at phenomena important in the Polish financial sector in the period when it broke off ties with the era of socialist central control and crossed into the world of the market economy; of rapid transformation from the centrally planned economic system to the market economy. The multi-*

* Jan Szambelańczyk, professor at Faculty of Economics, Poznan University of Economy and Business.

dimensional nature allows correlation of the viewpoint of the first-line politician with the viewpoint of a banker on high or top-level financial structures or a banker operating in front-line units. At the same time, as one can realise when reading the book, its content presents diverse or even opposing views or opinions on the issues discussed.

It is worth remembering that a book on similar topics entitled “Transformation of the Polish banking sector in 1988–1995. Monograph and comparative study” (*Transformacja bankowości polskiej w latach 1988–1995. Studium monograficzno-porównawcze*) edited by Władysław Baka was published in 1997 by Zarządzenie i Finanse Publishing House as part of the Biblioteka Menedżera i Bankowca series¹. This monumental work (1031 pages, 15 chapters and 300 pages of attachments) has been a true goldmine of information on banking reform in Poland and contains analyses of the results of the reform from an empirical aspect, with particular focus on nine commercial banks established from 430 operating branches of the National Bank of Poland on 12 April 1988 with a resolution by the Council of Ministers. It is important to mention that the book was edited by Prof. Władysław Baka, PhD, the initiator and first person to implement this reform as the President of the National Bank of Poland. His archives, supplemented by the truly painstaking work of members of the Students’ Scientific Circle at the Faculty of Economic Sciences of the University of Warsaw in search of statistical data and original information in researched banks permitted documenting this process – unprecedented in banking history – of commercialisation of some resources and structures of the central bank under conditions of transformation from the monobank system to a two-tiered banking system typical of a market economy. Results of the analyses presented in the work by Baka documented the unique process of development of nine independent commercial banks established at the same time, which began operations in comparable, yet rapidly changing systemic and institutional conditions. Attempts were made to answer what factors and processes led to the diversified development of commercial banks in the decade from the start of the banking reforms and their different rankings after 10 years.

Starting with the transformation of the banking system in Poland in 1986, the reformers did not suspect that 30 years later the banking system would have to prove that there is no conflict between stability and effectiveness and that the rational prudential principles are more important than innovative financial instruments directed at profit maximisation. Although mistakes and bankruptcies were unavoidable in the first decade after the system’s transformation, thanks

¹ The bibliography of the monograph on the banking sector in Poland includes other publications (e.g. P. Wyczański, M. Gołajewska, *Polish banking system 1990–1995*, Fundacja im. Friedrich Eberta, Warsaw 1996; J. Szambelańczyk, *Cooperative banks in Poland during system transformation*, Wydawnictwo Akademii Ekonomicznej w Poznaniu, Poznań 2006).

to the prudence of the reformers, the Polish banking system made it through the global financial crisis in relatively good condition. In Poland the economy slowed down slightly, but the banking sector did not require financial support. Comparison of both above-mentioned works on the transformation and reform of the Polish banking system proves that not only events, phenomena or processes were important, but also the people who initiated and animated them. This involuntarily resembles the forgotten principle, at least in the media, that everything is determined by people.

The thing that distinguishes the monograph by W. Baka from the book by

P. Aleksandrowicz and A. Fandrejewska-Tomczyk is mainly the method of analysing the researched processes and phenomena. W. Baka's team worked on statistical documentation and source materials to analyse the dynamics of processes and phenomena via a uniform substantive and methodological structure, through the prism of consequences, and primarily results achieved by the banks being researched. In some parts of the monograph, the analyses went beyond the set of nine commercial banks established in 1988 and also encompassed other commercial banks that made up the Polish banking sector. The book by P. Aleksandrowicz and A. Fandrejewska-Tomczyk, besides the introduction, widely presents the functioning of the banking sector in Poland over the next 17 chapters. Each chapter is preceded with synthetic information on the issues discussed in the interviews that form the basic part of the chapter.

Chapter 1 is entitled: From assumptions behind the reform of the banking system in Poland until the beginnings of the National Bank of Poland as a modern central bank (1987–1990). These issues are discussed with the authors of the book by Andrzej Topiński (among others Vice-President and President of the National Bank of Poland, President of Bank PKO B.P., President of the Polish Banks Association) and Ryszard Kowalski (among others adviser to the President of the National Bank of Poland and member of the banking system reform team).

Chapter 2 is entitled “Establishment of commercial banks separated from the National Bank of Poland (1988–1989)”. These issues are presented by Maria Pasło-Wiśniewska (among others Vice-President of Wielkopolski Bank Kredytowy S.A, President of Bank PeKaO S.A and a Polish MP) and Dariusz Daniluk (among others employee of the National Bank of Poland, undersecretary of state in the Ministry of Finance, chairman of the Council of the Bank Guarantee Fund, President of Bank Gospodarstwa Krajowego and Bank Ochrony Środowiska).

Chapter 3 is entitled “Reforms of the economic system from 1989 to 1992. Balcerowicz's Plan”. These topics are discussed in interviews with Jerzy Koźmiński (among others undersecretary of state in the Office of the Council of Ministers, Vice-Minister of Foreign Affairs and the Ambassador of Poland in Washington); Wiesława Ziółkowska (among others an MP, chairman of the Committee on Economic Policy, Budget and Finance of the Parliament, member of the Monetary

Policy Council, professor of the Higher Banking School in Poznan) and the author of the reform, Leszek Balcerowicz (among others twice Deputy Prime Minister and Minister of Finance and President of the National Bank of Poland, an honorary doctor of over 30 national and foreign universities, a professor at the Warsaw School of Economics).

Chapter 4, entitled “News and early times – establishment of private commercial banks and changes in the state-owned banks (1989–1992), includes an interview with Sławomir Sikora (among others employee of the Ministry of Finance responsible for the governmental programme of bank restructurisation, long-time President of Bank Handlowy in Warsaw/City Handlowy), Cezary Stypułkowski (among others adviser to the Minister in the Office of the Government Plenipotentiary for the Economic Reform, secretary of the Committee of the Council of Ministers for the Economic Reform, President of Bank Handlowy w Warszawie, President of Polski Zakład Ubezpieczeń and CEE Managing Director of JPMorgan in London, finally President of mBank) and Bogusław Kott (among others, long-time president of banks and the creator of Bank Inicjatyw Gospodarczych and Bank Millenium).

Chapter 5 is entitled: “Transformation on our own, but with international help”. These issues are presented by Alicja Kornasiewicz (among others auditor at Moore Stephens, MP, senior banker at the European Bank for Reconstruction and Development, secretary of state in the Ministry of Treasury, President of Bank PeKaO) and Jerzy Koźmiński (see above).

Chapter 6 is entitled “The second stage of development of the banking system (1991–1995)”. The topic is discussed in two interviews by Jerzy Stopyra (among others member of the Management Board and First Vice-President of the National Bank of Poland, employee of the University of Warsaw) and Hanna Gronkiewicz-Waltz (among others President of the National Bank of Poland, Vice-President of the European Bank for Reconstruction and Development, MP, president of the capital city of Warsaw and professor of the University of Warsaw).

Chapter 7 is entitled “Institutions and infrastructure of the banking system (1990–2004)”. These topics are presented by Krzysztof Pietraszkiewicz (among others long-time President of the Polish Banks Association, co-founder and member of supervisory authorities of the Bank Guarantee Fund, Credit Information Bureau, Economic Information Bureau – InfoMonitor, Krajowa Izba Rozliczeniowa, TelBank, Warszawski Instytut Bankowości) and Ewa Kawecka-Włodarczak (among others a dealer in Bank Handlowy in Warsaw and Bank PeKao in Paris, President of Powszechny Bank Kredytowy, long-time President of the Management Board of the Bank Guarantee Fund in Warsaw).

Chapter 8 describes the costs of transforming the economic system (1992–1999). These topics are presented by Hanna Gronkiewicz-Waltz (see above), Stefan Kawalec (among others chief adviser to Deputy Prime Minister Leszek Balcerowicz in the Ministry of Finance, and Vice-Minister, adviser to banks and insurance

companies and international institutions, such as the World Bank and IMF) and Jan Szambelańczyk (among others cooperated with the Mission of the World Bank for Restructurisation of Co-operative Banking, was the First Vice-President of Gospodarczy Bank Wielkopolski, represented Polish cooperative banks in the European Association of Co-operative Banks in Brussels, was a long-time member of the Council of the Bank Guarantee Fund in Warsaw, a professor of economy, lecturer at the Poznań University of Economics and Business).

Chapter 9 is entitled “Microeconomics of banks from 1989 to 2000” and the issues are discussed in interviews with Ewa Kawecka-Włodarczak (see above) and Andrzej Topiński (see above).

Chapter 10 is entitled “Macroeconomics of the banking system from 1987 to 2004” as discussed by Józef Sobota (among others employee and member of the Management Board of the National Bank of Poland and a member of the Statistics Committee of the European Central Bank) and Paweł Wyczański (among others specialist of the National Bank of Poland and chairman of the Supervisory Board of Bank Zachodni S.A in Wrocław).

Chapter 11 is entitled “Transformation of the banking system in Poland and in other post-communist countries”. These topics are discussed in interviews with: Rafał Juszcak (among others President of the Management Board of Bank PKO BP, President of the First Ukrainian International Bank, President of the Management Board of Getin Holding, President of Alfa-Bank in Belarus), Stanisław Pacuk (among others a long-time employee of the National Bank of Poland and President of the Management Board of Kredyt Bank) and Sławomir Lachowski (among others Vice-President of PKO Bank Polski S.A., Vice-President and later President of Bank Rozwoju Eksportu S.A., creator of online mBank and Bank SMART – the first European mobile bank as well as the author of several books on management and finance).

Chapter 12 is entitled “Banking supervision and scandals during 1990–1997” and is based on interviews with Ewa Śleszyńska-Charewicz (among others general inspector of banking supervision, member of the Management Board of the National Bank of Poland, member of the Council of the Bank Guarantee Fund) and Wojciech Kwaśniak (among others general inspector of the banking supervision, member of the Polish Financial Supervision Authority, member of the Bank Guarantee Fund, adviser to the President of the National Bank of Poland, deputy president of the Polish Financial Supervision Authority).

Chapter 13 is entitled “Privatisation of commercial banks (1991–2000)” and is based on interviews with Alicja Kornasiewicz (see above) and Wiesław Rozłucki (among others adviser to the Minister of Finance, director of the Capital Markets Development Department at the Ministry of Privatisation, President of the Warsaw Stock Exchange, President of the Stock Exchange Board, member of the Council for the Economic Development to the President of the Republic of Poland).

Chapter 14 is entitled “Banking system – consolidation and competition (1997–2001)”. The authors interviewed Anna Fornalczyk (among others President of the Anti-Monopoly Office, head of political cabinet of the Minister of Finance Leszek Balcerowicz, chairwoman of the Supervisory Board of ING Bank, long-time academic lecturer) and Maria Paśło-Wiśniewska (see above).

Chapter 15 is entitled “Internal development of banks” and is based on interviews with Tomasz Sielicki (among others President of the ComputerLand and Sygnity Group) and Sławomir Lachowski (see above).

Chapter 16 is entitled “Development of the final model of monetary policy and preparation of the banking system for EU accession”. Interviews were carried out with Marek Dąbrowski (among others First Deputy Minister of Finance, member of Monetary Policy Council – 1998–2004, consultant to the World Bank, IMF and EU, OECD, USAID I UNDP, professor of economy), Wiesława Ziółkowska (see above), Aleksander Kwaśniewski – President of the Republic of Poland, Jan Truszczyński (among others diplomat, ambassador of the Republic of Poland to the European Communities in Brussels and ambassador of the Republic of Poland to the European Union, secretary of state in the Ministry of Foreign Affairs).

Chapter 17 is entitled “Final evaluation of transformation – a trilateral voice from the year 2015”. The evaluation from this perspective was presented by Leszek Balcerowicz, who is commonly associated with the Polish economic reform (see above), Władysław L. Jaworski (among others long-time employee of the National Bank of Poland, head of the team of scientific advisers, Vice-President of the National Bank of Poland, member of the Council of the Bank Guarantee Fund, professor of economy, long-time head of the Department of Banking of the Warsaw School of Economics, academic teacher) and Krzysztof Pietraszkiewicz – co-founder and long-time President of the Polish Banks Association (see above). Leszek Balcerowicz said, among others “If you leave the state in banks, it is like leaving mines in the field, sooner or later they will explode”. Władysław L. Jaworski summed up his attitude to the changes as follows: “All around the world, a central bank is somebody important. In Poland, we do not know what it is”. President K. Pietraszkiewicz presented the transformation process and concluded as follows: “Banks are a certain form of an agreement that links all the Poles”.

It is worth noting that each interview carries a title that synthetically and graphically reflects the essence of the interview. The substantive layer of the book, especially introductions to individual chapters, was significantly influenced by comments submitted by the following professors: Ryszard Kokoszczyński, Witold Koziński, Wojciech Morawski and Wojciech Roszkowski.

By studying this book by Aleksandrowicz and Fandrejewska-Tomczyk, financed by the Foundation of the National Bank of Poland, readers have access to information that cannot be found in statistical yearbooks or scientific monographs. The authors planned and interviewed a very wide range of persons, from top

functions in the state to high class specialists and academics (President, Deputy Prime Minister, Ministers and Vice-Ministers, MPs, presidents and members of the Management Board of the Central Bank; management of the banking supervisory body; president, chairman and members of the Council of the Bank Guarantee Fund; presidents of commercial banks, specialists in central offices and academics from the leading Polish universities). Information, reflections and evaluation not captured in official documents or reports are particularly valuable. Persons interviewed shared their memories or information, often citing events or characterising their context, which if not explained or interpreted could not be actually determined or the material truth could not be ascertained. Unfortunately for objective reasons many persons of merit to the reform of the banking system could not have been interviewed, just to mention former presidents of the National Bank of Poland Władysław Baka and Janusz Wójtowicz, the first President of the Polish Banks Association Marian Krzak or Andrzej Szukalski, the first presidents of the nine commercial banks: Jan Cesarz, Franciszek Pośpiech, Tadeusz Żywczak or Marian Kanton who rendered great service to Bank PeKaO S.A. and the banking sector, and many others.

The book is worth recommending to a wide audience ranging from policy-makers, regulators and politicians to academics and students, especially students of economics and undoubtedly students of finance and banking. It would be beneficial if the interviews contained in the book reached both adamant critics and advocates of the good name of banks, which are institutions of public trust. The book's content provides an invaluable goldmine of information for researchers into the banking sector in Poland and abroad, as most of it cannot be obtained otherwise than from persons who participated in the reformation of the banking sector in Poland.

Words of praise for the initiative and its implementation are due to the individuals who personally worked on the creation of the work or supported these activities in a variety of ways. It is a great pity that an esteemed economic journalist, Piotr Aleksandrowicz, who prepared the assumptions and layout of the reviewed book, proposed the list of persons to be interviewed, and worked on the book until the last hours of his life could not see its final form, as he was defeated by a severe illness.