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Banking Crisis Management and Customer Protection in the Debate of the 11th Congress of Polish Economists

About the 11th Congress of Polish Economists

The 11th Congress of Polish Economists ("Congress") took place in Poznań on December 4–5, 2025, coinciding with the celebration of the 80th anniversary of the Association of Polish Economists ("Association"). The organizers developed and published 11 rationales for organizing the Congress, which included issues related to tradition, education, inspiring and creating foundations for further economic development, and improving the quality of life of citizens. The Congress was attended by 648 people, who participated in 3 plenary sessions, 28 panel sessions, and 26 research sessions. The special guest and keynote speaker of the Congress was Prof. Dani Rodrik (Harvard University), who offered an insightful perspective on the problem of "*Shared Prosperity in a Fractured World*"[1]. Another

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[1] The basis for the presentation was the Speaker's publication: "*Shared Prosperity in a Fractured World. A New Economy for the Middle Class, the Global Poor and our Climate*" Princeton University 2025.

keynote speaker was Prof. Beata Javorcik (Oxford University, EBRD, and CEPR), who discussed "*Globalization in Times of Turmoil*". At the end of the Congress, a concluding document entitled "The Poznań Declaration" was published[2].

Bank Guarantee Fund Session: Banking crisis management and customer protection – between system stability and moral hazard

As part of the 30th anniversary celebrations of the Bank Guarantee Fund ("Fund"), the Congress program included a thematic session devoted to banking crisis management and the protection of credit institutions' customers. Managing a crisis in the banking sector is a challenge for all stakeholders, both direct – such as the bank in crisis and its customers – and indirect, such as safety net institutions and other credit institutions. This stems primarily from the extraordinary situation of the threatened bank, the nature of the actions taken, and their potential impact on financial stability. Experiences with banking crises following the global financial crisis led to the structuring and development of regulations related to public authority interventions in the face of a banking crisis. Legislative initiatives aimed to create a crisis management framework focused on maintaining financial stability and reducing moral hazard, particularly in the context of ultimately using taxpayer funds to bail out banks. However, these regulations are subject to systematic review and appropriate modifications following their evaluation.

It is worth emphasizing that the issues discussed in this panel session were closely aligned with the 11 rationales for organizing the Congress, specifically the rationale: "*Because we want to diagnose what is not working and look for effective solutions together*."

The session was moderated by Dr. Magdalena Kozińska, Assistant Professor at the Warsaw School of Economics and Deputy Director of the Financial System Projects Department at the Fund. The session's guests included:

1) Prof. Ryszard Kokoszczyński, University of Warsaw,
2) Prof. Monika Marcinkowska, University of Lodz,
3) Prof. Jan Szambelańczyk, WSB-Merito Poznań.

In the introduction to the debate, the moderator briefly outlined the key problems of crisis management in the banking sector based on experiences from the global financial crisis and the remedial measures implemented afterward. She also briefly described the current crisis management system, which consists primarily of bank resolution processes as well as liquidation processes, in which the payment of guaranteed deposits usually plays an important role. She highlighted the key rules that should be followed in

2 PTE, Kongres Ekonomistów Polskich, *Deklaracja Poznańska na zakończenie XI Kongresu Ekonomistów Polskich*, 2025, https://pte.pl/uploads/Deklaracja_Poznanska_88e583fc89.pdf?updated_at=2025-12-05T13:24:03.527Z (accessed 06.01.2026).

a bank crisis, emphasizing the EU financing principles aimed at maximizing the financial responsibility of owners and uninsured creditors of a bank and minimizing the financial responsibility of governments (state budgets). Reference was also made to the latest changes to the crisis management system established during the Polish Presidency of the EU Council in the form of the so-called CMDI Package (Crisis Management and Deposit Insurance Package), in which the Fund actively participated. This package amends the directives governing the resolution process and the principles of operation of deposit guarantee schemes. Its introduction was inspired by the experience of EU authorities in crisis management in the banking sector in recent years (including the Polish experience with the resolution of Podkarpacki Bank Spółdzielczy in Sanok, Bank Spółdzielczy in Przemków, Idea Bank, and Getin Noble Bank). The CMDI includes numerous technical changes but also introduces modifications to the fundamental rules governing the actions of authorities during a crisis. In practice, these changes expand the scope of the resolution procedure (instead of liquidating the entity under bankruptcy proceedings) and increase the role of deposit guarantee schemes in crisis management, for example, by extending deposit guarantees to local government units (LGUs) or by expanding the use of deposit guarantee fund resources in resolution, especially in the case of smaller entities that did not meet the conditions for accessing the resolution fund (due to insufficient participation of owners and unsecured creditors in covering bank losses during the crisis). These changes respond to situations in which covering bank capital shortfalls required burdening losses, for example, on depositors (to an extent exceeding deposit guarantees). The allocation of the costs of a banking crisis among various stakeholders remains a subject of much debate and assessment. The CMDI Package changes the allocation of financial responsibility for a banking crisis, shifting the burden onto deposit guarantee schemes and reducing the risk for depositors (although only in the case of smaller banks). At the same time, it reduces pressure on owners and creditors of smaller banks, as their share in covering bank losses can be partially replaced by a deposit guarantee. However, the CMDI Package does not change the approach to using taxpayer funds to bail out banks, which should remain a last resort.

The introduction sparked a debate in which the effectiveness of resolution and changes within the CMDI Package were assessed in different ways.

In particular, it was pointed out that in practice, the resolution procedure has not been the primary method for addressing the problems of a bank at risk of bankruptcy, although decision-makers intended it to be. It was also argued that modifications were being introduced based on experience, while emphasizing that dynamic changes in socio-economic systems (business, political, macroeconomic, regulatory, and technological environments) alter the systemic context and require appropriate normative and instrumental responses. For this reason, as indicated during the debate, revisions resulting from practical experience should not be viewed negatively, given the dynamic changes occurring in the economy and the banking sector. Particular attention was paid to the issue of so-called burden sharing (i.e., dividing the costs of the crisis between the private and public sectors). In this regard, the introduction of the MREL requirement is a good solution, although it essentially involves transferring risk to other domestic or foreign entities. The panelists noted the case of Getin Noble

Bank's resolution, where the banking sector – through the established Commercial Bank Protection System (pol. System Ochrony Banków Komercyjnych, SOBK) – financially supported the crisis management process at this bank. This is an example of the private sector's real involvement in crisis management. It was also recalled that a similar, somewhat original solution was implemented in Poland in 2005–2006 in relation to the crisis-hit Wschodni Bank Cukrownictwa. The panelists also addressed the issue of adequate accountability for actions taken to obtain benefits, both by the private and public sectors. It was recognized that the lack of recourse against behavior motivated by greed is an accelerator of moral hazard (safe gambling). The unbearable pace of regulatory growth and its complexity was also emphasized – complexity that the average stakeholder in the banking system is unable to analyze on an ongoing basis, and sometimes even understand.

Reflections on the effectiveness of crisis management principles led the panelists to discuss the role of depositors and their protection in crisis situations. Reference was made to the American experiences in 2023, where a bank run caused the collapse of several banks. It was emphasized that a key factor in the Silicon Valley Bank crisis was the mass withdrawal of deposits using electronic banking, as well as the large share of uninsured deposits. The issue of proper communication between safety-net institutions and bank customers was also addressed. As indicated, the deposit guarantee system itself, as well as the level of protection, creates moral hazard, as deposit guarantee principles essentially remove responsibility from depositors for prudent allocation of funds. In this context, reference was made to the previously applicable EU deposit guarantee principles, which assumed a depositor's share in losses resulting from a bank crisis (i.e., the guarantor protected a high share, but not the entire deposit). Deposit guarantee rules, as well as the related tendency of depositors to withdraw funds from banks, provoked comments on bank liquidity and ways to preserve it. One of the available tools is emergency liquidity assistance (ELA) obtained from the central bank as part of its role as lender of last resort (LoLR). However, it was pointed out that this mechanism is neither unconditional nor unlimited. The EU has specific rules for granting ELA (reflecting the principles outlined by Bagehot), according to which, among other things, the bank receiving support should be solvent and should submit appropriate collateral. Liquidity from the central bank should be treated as a short-term support mechanism in emergency situations of liquidity outflow.

The discussion concluded with proposals for further development of the crisis management system. The panelists pointed out that the key issues include strong oversight of banks (by audit committees, supervisors, and customers), the development of market mechanisms and private sector participation (e.g., in the form of MREL) in crisis management, and consideration of changes to deposit insurance to reduce moral hazard.

The conclusions from the panel session organized by the Fund are consistent with the first postulate of the Poznań Declaration, which identifies the need to build trust in institutions and strengthen the social market economy, as well as (in relation to the second postulate of the Declaration) to create a longterm strategy for Poland's economic development.