Press release after the meeting of the Financial Stability Committee on macroprudential supervision

Date: 16-03-2020

The special meeting of Financial Stability Committee on macroprudential supervision (FSC-M) was held on 16 March 2020. The meeting was convened urgently by the President of Narodowy Bank Polski in his capacity as the Chair of the Committee. The following persons participated in the meeting:

- Adam Glapiński, President of Narodowy Bank Polski as the Chair of the Committee,
- Leszek Skiba, Undersecretary of State, Ministry of Finance,
- Jacek Jastrzębski, Chairman of the Polish Financial Supervision Authority,
- Piotr Tomaszewski, President of the Management Board of the Bank Guarantee Fund.

Minister of Development Jadwiga Emilewicz attended the meeting at the invitation of the Chair of the FSC-M.

The main topic of the meeting were the possible remedial actions to mitigate the impact of the spread of the coronavirus epidemic on the domestic banking sector and the real economy. The Committee found that the impact should be assessed in the short- and long-term horizon. In the short-term, the key issue is to provide liquidity to the public and business entities both in cash and non-cash settlements. In this context, the Committee found that both tasks are performed smoothly. Bank liquidity is not at risk and is effectively ensured by the central bank.

In the medium-term, the basic challenge is to maintain liquidity of firms and credit supply to the economy amid high uncertainty regarding demand and supply side.

The Committee found that under such circumstances it is necessary to undertake urgent measures to limit the negative impact of the coronavirus epidemic on the banking sector and, consequently, on the Polish economy. Within the scope of its powers, the Committee decided to issue a recommendation to immediately repeal the obligation to apply the systemic risk buffer. Consequently, it paved the way for the Ministry of Finance to abolish the 3% rate of systemic risk buffer. At the same time, the lower capital requirement translates into a lower MREL. In the Committee's opinion, the fact that banks will be allowed to use funds from released capital buffers reduces the risk of credit crunch and will support the economy and financial stability.

At the same time, the Committee emphasized that the funds released from the buffer should not increase the scale of planned dividend payments and be retained with the aim of providing credit to the economy and covering losses in the forthcoming quarters.

Moreover, performing its statutory duties, the Committee issued recommendation to maintain the countercyclical buffer rate at 0%, and also decided to notify the European Systemic Risk Board of its current level and underlying indicators.

The Committee will successively analyse the efficiency of the complete set of anti-crisis measures and their impact on financial stability in the short- and long-term.