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Professor of Economics, lecturer at Polish and foreign institutions of higher learning. Since the 1990s, he has held numerous important posts in public administration. He chaired supervisory boards of various companies. He has been with NBP for many years, as a member of the Monetary Policy Council and the NBP Management Board. Member of the International Joseph A. Schumpeter Society.

The ancient Romans used to say *si vis pacem, para bellum*, in other words "If you want peace, prepare for war". However, this Latin adage conveys not only the basic doctrine of the art of war, but also the principle that guides Narodowy Bank Polski when taking its anti-crisis measures. Because we never know exactly when and in what form another crisis will materialize, therefore, we – at Narodowy Bank Polski – are constantly bracing ourselves for another economic battle, safeguarding a solid foundation for the economy and a strong financial position of the central bank. With this attitude we have managed to join the elite club of economies which have not only weathered the global financial crisis of 2007-2012 and the COVID-19 pandemic of 2020-2021 relatively well, but also capitalized on the episodes to increase their potential in a creative manner.

One of the central bank's areas of activity where this ascent is seen best is the management of official reserves. Their value has already exceeded EUR 140 billion, which means that it has more than doubled over the last decade. This is very important because official reserve assets guarantee the creditworthiness of the Polish state, including, indirectly, of the private sector. Despite unfavourable conditions and very low interest rates globally, Poland has managed to post very good investment results. In 2016-2020, NBP earned a profit, of which it contributed to the state budget more than PLN 32 billion in total. One of the pillars of NBP's investment strategy is to successively increase the country's gold holdings. Regarded as a safe haven asset, gold can be effectively used to diversify risk related to the other investments. In 2018-2019, NBP bought 125 tons of gold, thus increasing its holdings to almost 230 tons, which corresponds to approximately 8 per cent of the country's official reserve assets.

Macroeconomic stability and a large portfolio of reserves have proven priceless, as barely two years after the outbreak of the pandemic we had to face yet another crisis – this time a geopolitical one. On 24 February 2022, Russia invaded Ukraine, causing a humanitarian and political-economic catastrophe whose full scale is yet to be known. The mass exodus of civilians, supply chain disruptions, the energy and food crunch as well as heightened volatility in financial markets and a surge in risk aversion are just a few phenomena we will have to face.

During the first days of the war, a lot of Poles who were watching developments close to Poland's eastern border shared concerns about the uncertainty of tomorrow, a sentiment that was later reflected in a strong and abrupt rise in demand for cash. Fortunately, the central bank was well prepared for such a contingency thanks to the adopted **National Strategy for Cash Circulation Security**. In consequence, NBP held sufficient holdings, which allowed it to fully meet customers' demand for cash. All banks' orders were processed without value limits, in the full denomination structure and throughout the country, which helped contain the panic quickly.

The policy of successively accumulating reserve assets allowed NBP to hold – at the onset of the crisis – an adequate level of the reserves and a proper set of tools to counteract the negative trends in the financial and FX markets. Specifically, NBP was ready to respond at any time to excessive zloty exchange rate fluctuations which could disrupt the smooth functioning of the financial market or FX market, or adversely impact financial stability or the efficiency of NBP's monetary policy.

NBP's ample reserves also allowed it to provide the National Bank of Ukraine with a USD/UAH currency swap line in the amount of up to USD 1 billion. Availability of these funds will reduce the risk of a further political and economic destabilization of Ukraine, averting a potential threat to Poland's financial stability.

In addition to its economic dimension, the crisis also has a dramatic humanitarian aspect. One of its manifestations is the millions of people fleeing Russian bombs. Many members of the brave Ukrainian nation have found shelter in Poland. These people have often crossed the Polish border with cash in hryvnia, which could not easily be exchanged for zloty due to the disrupted cross-border flow of money in the areas ravaged by war. However, from Day 1 of the war we at NBP have worked with our friends from the National Bank of Ukraine to solve the problem. It was important for us that the heroic defenders of Ukraine know that we care for their families. Our joint efforts have resulted in an agreement signed by the two central banks under which all adult citizens of Ukraine can exchange the Ukrainian currency (up to 10,000 hryvnia) for Polish zloty.

Helping Ukraine is first of all a moral obligation, but also a commitment that we would not be able to meet were it not for the solid foundation of Poland's economy and the strong financial position of the central bank, for which we have worked diligently over the past years. This hard work and prudence have made it possible for us to bear the costs related to the warfare on the other side of our eastern border. Poland is a strong state and NBP is a strong central bank. We want peace, therefore – as the ancient Romans used to teach – we are constantly preparing for war.

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