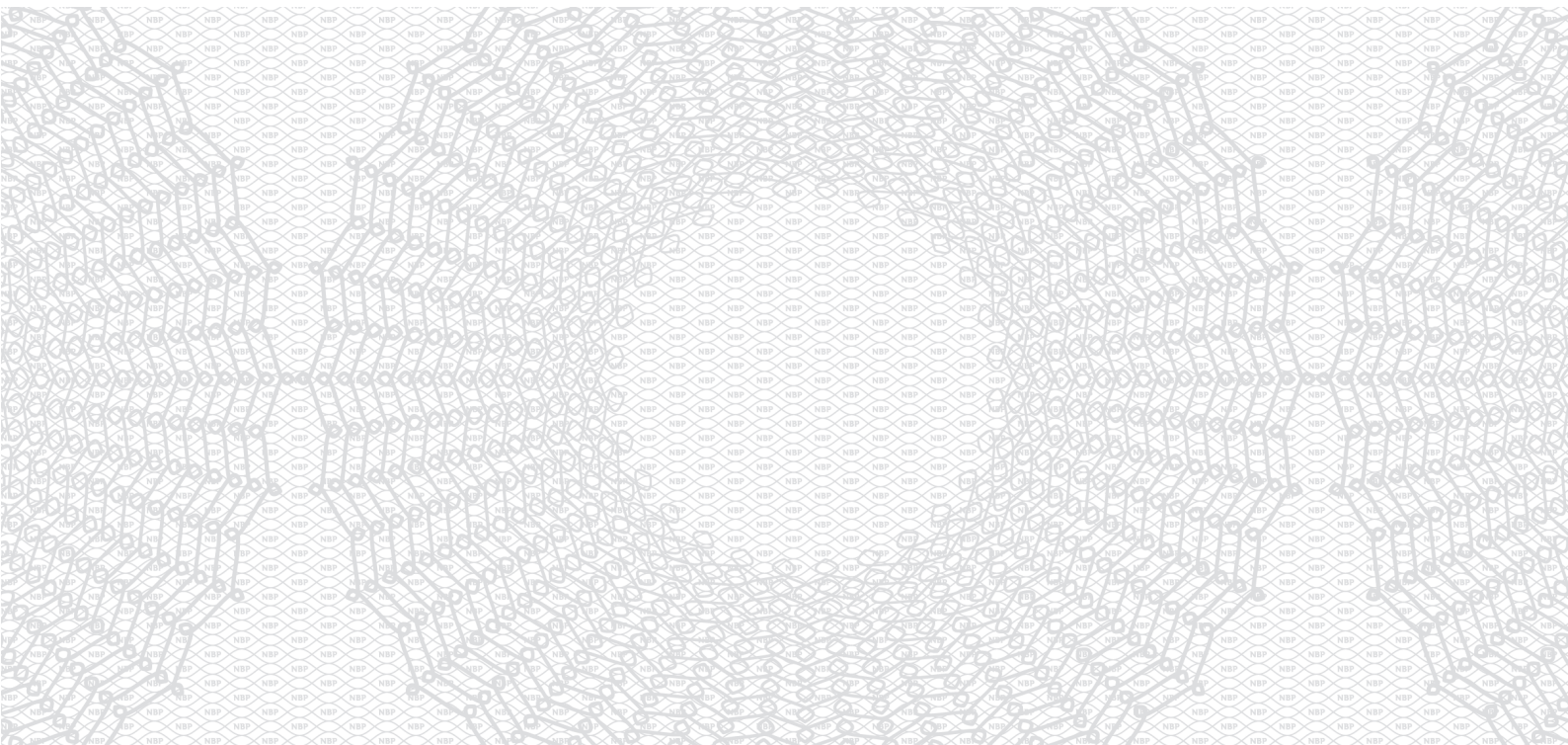


**NBP**

Narodowy Bank Polski

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# Narodowy Bank Polski Plan of Activity for 2019-2021



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**Narodowy Bank Polski**  
**Plan of Activity**  
**for 2019-2021**

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# Abbreviations

DAE	Economic Analysis Department
DB	Security Department
DBE	Economic Research Department
DES	Cash and Issue Department
DIT	Information Technology and Telecommunications Department
DKRZ	Public Procurement and Purchasing Department
DOK	Domestic Operations Department
DOZ	Foreign Exchange Department
DP	Legal Department
DRF	Accounting and Finance Department
DRTF	Financial Transactions Settlement Department
DS	Department of Statistics
DSF	Financial Stability Department
DSP	Payment Systems Department
DZRF	Financial Risk Management Department
EBA	European Banking Authority
ECB	European Central Bank
GP	Office of the President
IMF	International Monetary Fund
NBP	Narodowy Bank Polski

Chapter 1

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# Mission of Narodowy Bank Polski



## Mission of Narodowy Bank Polski

As the central bank of the State, Narodowy Bank Polski has the exclusive right to issue currency and to set and implement monetary policy.

The basic objective of Narodowy Bank Polski is to maintain price stability, while supporting the economic policy of the Government, insofar as this does not constrain the pursuit of NBP's basic objective.

Chapter 2

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# Objectives of Narodowy Bank Polski





## Objectives of Narodowy Bank Polski

Pursuing its activities in the years 2019-2021, Narodowy Bank Polski will strive to accomplish the following objectives:

### **Objective A. Analysis of and research on monetary policy, its conditions, tools and effects, with the aim of expanding the scope of information used in the conduct of monetary policy and strengthening the system of macroeconomic forecasting in NBP**

The basic objective of NBP is to maintain price stability, which is construed as low and stable inflation. Striving to secure price stability, NBP uses direct inflation targeting. To facilitate the implementation of the strategy, NBP conducts analysis and research concerning in particular the conditions, tools and effects of monetary policy.

In order to ensure high quality of research and analysis, the central bank will use various sources of information as well as modern tools and models. It will also expand the scope of research on the monetary policy transmission mechanism in the commercial banking sector. This will help to conduct monetary policy in a more effective way.

### **Objective B. Actions to maintain the stability of the domestic financial system through the development of analytical and research activities in support of macroprudential supervision**

Financial system stability is a necessary condition for the effective conduct of monetary policy. Pursuant to the Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management, Narodowy Bank Polski has been assigned the tasks related to supporting the Financial Stability Committee as the macroprudential supervision authority.

To facilitate the Financial Stability Committee (FSC) decision-making process, Narodowy Bank Polski will expand the scope of analyses and research necessary for the effective fulfilment of its tasks. These activities are in particular aimed at enabling the Committee to correctly identify the threats to financial stability and to mitigate systemic risk.

Due to the fact that macroprudential supervision is a relatively new area of financial and economic policy, NBP will also develop tools for the analysis of systemic risk and examine the relationships between the financial system and the economy. NBP will also strive to create a coherent system for the conduct of macroprudential policy.

In the event of a direct threat to the stability of the financial system and during a crisis situation, NBP will conduct activities to maintain and restore financial stability. These activities will be carried out in cooperation with other institutions of the financial safety net represented in the Financial Stability Committee.

### **Objective C. Rationalisation of the notes and coins management process at NBP**

Narodowy Bank Polski is the only institution in Poland which is authorised to put into circulation notes and coins that are legal tender in Poland. The objective of the central bank is to ensure uninterrupted cash settlements and appropriate quality of notes and coins put into circulation.

Pursuing this objective, NBP will aim at improving the effectiveness of banknote sorting at NBP, reducing the costs of issue and streamlining cash circulation in Poland, while maintaining a high quality of notes and coins in circulation.

### **Objective D. Activities aimed at the development of the process of foreign exchange reserve management and the methods of financial risk management**

The foreign exchange reserves held by NBP serve to enhance the financial credibility of the country, while mitigating the risk of an abrupt outflow of capital and ensuring uninterrupted access to global market funding. They can also be used for supporting the stability of the financial markets in the event of significant disturbances in their functioning.

In managing foreign exchange reserves, NBP aims to assure a high level of safety of the invested funds and their adequate liquidity, and while satisfying these criteria – to increase return on the reserves – taking account of market conditions. To this end, NBP intends to continue to broaden the catalogue of its investment instruments, taking into account the current market conditions, and will develop the methods of asset allocation and financial risk management.

### **Objective E. Ensuring continued smooth and safe operation of the payment system and conducting activities aimed at reducing financial exclusion**

One of the key tasks of NBP is organising payments. Activities pursued by NBP under this task include operational, regulatory and supervisory activity relating to the payment system and initiating changes related thereto.

In the context of technological advancement and dynamic changes on the payment services market, NBP will strive to secure the smooth and safe functioning of the payment system infrastructure and facilitate further development of the payment system, in particular aimed at securing fulfilment of essential market needs in the area of payments clearing and settlement. Moreover, while pursuing the task, NBP will promote the reduction of financial exclusion by organising education and promotion programmes, will provide modern tools facilitating the functioning of payment market agents and will strive to extend and improve research and analyses relating to the payment system.

### **Objective F. Improvement and expansion of the scope of statistical research supporting decision-making processes with regard to monetary policy and financial system stability, including macroprudential supervision**

As one of the main centres of statistical research in Poland, NBP compiles statistical data which constitute the main source of information about the financial sector and the balance of payments. The data are used for evaluating the macroeconomic situation of the country and making decisions on monetary policy as well as analysing threats to the stability of the financial system (including the implementation of the objectives of macroprudential supervision).

The scope of statistical research of NBP will gradually expand, along with the development of institutions and financial instruments and the increase in demand for more specific information, allowing the central bank to monitor risk factors in and threats to the financial system.

An important aspect of the development of statistical research at NBP will also be the adjustment of the research to new standards set by such international institutions as the ECB, Eurostat and the IMF.

### **Objective G. Introduction of solutions aimed at streamlining the activities of the institution**

Narodowy Bank Polski continues to work on the verification and preparation of solutions to improve the safety and effectiveness of selected operational processes.

The NBP plans include the optimisation of NBP activities in the area of services provided to the State budget and implementation of advanced devices for sensitive data protection.

Chapter 3

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# Tasks in the Plan of Activity



## Tasks in the Plan of Activity

The Plan of Activity of NBP for 2019-2021 comprises project-based tasks, designed to achieve the objectives of NBP. The Plan does not include regular tasks which are presented, inter alia, on the NBP website.

The tasks were grouped under the individual objectives of NBP.

### Tasks for 2019-2021

**Objective A. Analysis of and research on monetary policy, its conditions, tools and effects with the aim of expanding the scope of information used in the conduct of monetary policy and strengthening the system of macroeconomic forecasting in NBP**

#### 1. Survey on household wealth in Poland (next edition of the survey)

Final result: Creation of an updated database on the wealth of individual households.  
Preparation of a research report taking into account the most recent statistical data.  
Time frame: 2019-2020  
Responsible unit: DAE  
In cooperation with: DSF

##### H1 2019

- Signing an agreement with the Central Statistical Office of Poland on the conduct of the survey

##### H2 2019

- Preparations for the conduct of the survey: elaboration of the questionnaire, design of the IT tools, elaboration of the sampling pattern and training of interviewers

##### H1 2020

- Carrying out the survey
- Creation of a detailed database along with missing data input

H2 2020

- Results analysis
- Preparation of a survey report for publication

**2. Expansion of the NECMOD model to include increased significance of the banking sector**

Final result: Inclusion of the interrelations between the financial sector and the real sector in the forecasting of inflation and GDP and in the NECMOD model simulations. Enabling the analysis of other possible sources of shocks for the economy.

Time frame: 2019-2020

Responsible unit: DAE

H1 2019

- Analysis of forecasting and simulation properties of the enterprises funding channel

H2 2019

- Expansion of the NECMOD model to reflect increased significance of the banking sector

H1 2020

- Conduct of simulation and forecasting tests of the inclusion of the banking sector in the NECMOD model

H2 2020

- Preparation of a scientific publication

**3. The role of credit in the monetary policy transmission mechanism in Poland – expanding the sources of relevant data**

Final result: Identifying factors which impact credit policies of commercial banks and loan availability, including the role of monetary policy. Exploiting new information sources, in particular of disaggregated data.

Time frame: 2019

Responsible unit: DBE

H1 2019

- Description of research results concerning the role of the credit channel in the mechanism of monetary policy transmission in Poland and the operation of the risk-taking channel

H2 2019

- Preparation of a research report for publication

4. The impact of demographic changes and migration on monetary policy in Poland

Final result: Determination of secular factors affecting the level of equilibrium real interest rate in Poland and assessment of the risk of hitting the zero lower bound on nominal interest rate.

Time frame: 2019-2021

Responsible unit: DBE

H1 2019

- Review of topical literature and design of the model

H2 2019

- Construction of a structural model taking into account the age heterogeneity of the population and migration processes

H1 2020

- Calibration or estimation of model parameters
- Running model-based simulations

H2 2020

- Sensitivity analysis of results
- Preparation of a preliminary version of a scientific publication
- Presentation of results at an NBP seminar and external scientific seminars

H1 2021

- Presentation of results at scientific conferences and seminars
- Introduction of possible modifications

H2 2021

- Preparation of a scientific publication



**Objective B. Actions to maintain the stability of the domestic financial system through the development of analytical and research activities in support of macroprudential supervision**

**5. The structural dimension of systemic risk in Poland**

Final result: Development of a model to analyse direct connections between financial institutions. Analysis of the possibility of materialisation of the so-called contagion risk among financial institutions as part of an evaluation of structural risk in the financial system.

Time frame: 2019-2020

Responsible unit: DSF

H1 2019

- Initial estimation and calibration of the parameters for the model

H2 2019

- Presentation of the model at scientific meetings

H1 2020

- Introduction of possible modifications to the model

H2 2020

- Preparation of a study and a research report
- Application of the model in financial stability analyses

**6. Improvement of methods of forecasting loan dynamics and quality in the Polish banking sector**

Final result: Improvement of methods of forecasting loan dynamics and quality in the Polish banking sector. Building new measures of loan quality and a system of loan quality forecasting.

Time frame: 2019-2020

Responsible unit: DSF

H1 2019

- Evaluation of the forecasts of loan growth rate and loan quality made with the use of panel regression models
- Construction of a category of competitive prognostic models
- Comparison of the obtained results with forecasts made using alternative approaches (time series, trend analysis)

H2 2019

- Development of methods of formal compilation of forecasts produced by a number of models
- Revision of applied approaches and selection of the method suited to the specifics of forecasting loans and loan quality

H1 2020

- Implementation of the set of developed tools and its applicability tests

H2 2020

- Preparation of a research report for publication

**7. Implications of domestic and international experience for the process of crisis management in the Polish financial system**

Final result: Verification of the need to modify the crisis management framework in the Polish financial system.

Time frame: 2019

Responsible unit: DSF

H1 2019

- Preparation of conclusions about the need to modify the crisis management process in the Polish financial system

## 8. Application of simulation methods in the calibration of macroprudential instruments for Poland

Final result: Construction of a simulation model and its application in the calibration of macroprudential instruments.

Time frame: 2019-2020

Responsible unit: DSF

### H1 2019

- Review of literature on the use of simulation methods in analyses of optimality of macroprudential instruments
- Preparation of databases on the Polish financial sector and economy in different phases of the financial and business cycle

### H2 2019

- Construction and calibration of simulation tools
- Analyses of optimality of macroprudential instruments

### H1 2020

- Identification of the channels of impact of macroprudential policy on the economy and financial system
- Conducting simulations of the impact of macroprudential regulations and policy (CRD IV/CRR) on the economy (across NACE sections), the financial system and society (welfare analysis)

### H2 2020

- Preparation of recommendations on macroprudential policy
- Comparison of recommendations developed using different approaches
- Preparation of a research report for publication

## Objective C. Rationalisation of the notes and coins management process at NBP

### 9. Activities aimed at streamlining cash circulation

Final result: Introduction of measures increasing the security of cash circulation.  
 Time frame: 2019-2020  
 Responsible unit: DES  
 In cooperation with: DP, DIT, DKRZ

#### H1 2019

- Preparation of draft legislation and adjusting the IT systems for the pilot implementation of the GS1 bar codes in NBP
- Start of pilot tests concerning:
  - implementation of the GS1 bar codes in NBP and at the banknote manufacturer,
  - implementation of a new kind of banknote packaging

#### H2 2019

- Preparation of final legislation and adjusting the IT systems for the purposes of implementation of the GS1 bar codes in NBP

#### H1 2020

- Implementation of the GS1 bar codes in NBP and at the currency manufacturer
- Starting pilot implementation of the GS1 bar codes at participants of the cash transactions market

#### H2 2020

- End of pilot tests of:
  - a new kind of banknote packaging
  - the implementation of the GS1 bar codes at participants of the cash transactions market

## 10. Activities aimed at reducing the costs of issue of banknotes and coins

Final result: Reducing the costs of banknotes and coins issues by changing the material used in the production of coins of denominations up to now struck in cupronickel.  
Time frame: 2019-2020  
Responsible unit: DES

### H1 2019

- Start of the testing of coins in coin-operated devices

### H2 2019

- End of the testing of coins in coin-operated devices
- Summary of the process of introduction of coins struck in the new material

### H1 2020

- Introduction into circulation of coins struck in the new material

**Objective D. Activities aimed at the development of the process of foreign exchange reserve management and the methods of financial risk management**

**11. Establishment and implementation of the concept of risk budgeting in the process of foreign reserves management**

Final result: Extending the scope of financial risk analysis and methods of estimating the acceptable level of risk in the process of foreign exchange reserves management.

Time frame: 2019

Responsible unit: DZRF

H1 2019

- Development of methodology with special focus on risk decomposition methods

**Objective E. Ensuring continued smooth and safe operation of the payment system and conducting activities aimed at reducing financial exclusion**

**12. Building a database to collect and process statistical information on the payment system**

Final result: Automation of collecting and processing of statistical data used to perform analytical and oversight activities. Enlarging the scope of data included in information and analytical materials of NBP.

Time frame: 2019

Responsible unit: DSP

In cooperation with: DIT

H1 2019

- Extension of the PAR-BSP module to include payment statistics reporting
- Extension of the BSP system to include oversight reporting

H2 2019

- Extension of the PAR-BSP module to include oversight reporting

**13. Preparation of NBP for participation in the consolidated TARGET2 system**

Final result: NBP participation in the system resulting from the consolidation of the TARGET2 system and TARGET2-Securities platform.

Time frame: 2019-2021

Responsible unit: DSP

In cooperation with: DIT, DRF, DOK, DRTE, DP, DOZ

H1 2019

- Analysis of business and functional requirements of the new TARGET2 system

H2 2019

- Project establishment
- Specification of the scope of amendments to be introduced in the NBP IT systems

H1 2020

- Introduction of the amendments to the NBP IT systems and tests of the new solutions

H2 2020

- Further adjustments for NBP participation in the consolidated TARGET2 system and continuation of tests

H1 2021

- Further testing of the system

H2 2021

- Implementation of the new TARGET2 system
- Migration of NBP and other participants to the new TARGET2 system



**Objective F. Improvement and expansion of the scope of statistical research supporting decision-making processes with regard to monetary policy and financial system stability, including macroprudential supervision**

**14. Extension and further automation of the Reporting Information System (SIS)**

Final result: Advanced automation of the report validation and preparation for transmission to the EBA.

Time frame: 2019-2020

Responsible unit: DS

In cooperation with: DIT

H1 2019

- Automation of validation and activities aimed at the conversion of reports transmitted to the EBA

H2 2019

- Process testing and publishing of reports to be transmitted to the EBA

H1 2020

- Work on the implementation of the EBA taxonomy in the amended consolidated FINREP reporting package

H2 2020

- Work on the implementation of the EBA taxonomy in the amended reports entering the XBRL COREP taxonomy

**15. Extension of the system of data collection on immigration in Poland and conduct of analyses of its impact on the economic situation (labour market)**

Final result: Immigration survey conducted using a method applied to small social groups (RDS, Respondent Driven Sample) in the Warsaw, Wrocław and Bydgoszcz agglomerations. Inclusion of NBP regional branches in the immigration research on a field basis.

Time frame: 2019-2021

Responsible unit: DS

In cooperation with: DAE

H1 2019

- Analytical work summing up the research conducted in the Wrocław and Bydgoszcz agglomerations in H2 2018
- Start of the research in the Warsaw agglomeration
- Piloting the research conducted by the NBP regional branches

H2 2019

- End of the research in the Warsaw agglomeration
- Start of the research across the NBP regional branches

H1 2020

- Analytical work summing up the research in the Warsaw agglomeration

H2 2020

- Start of the next edition of surveys in the Wrocław and Bydgoszcz agglomerations

H1 2021

- Start of the next edition of the survey in the Warsaw agglomeration

## Objective G. Introduction of solutions aimed at streamlining the activities of the institution

### 16. Optimisation of services provided by Narodowy Bank Polski to the State budget

Final result: Further modernisation and standardisation of banking services for the State budget and making arrangements to offer new services to holders of accounts at NBP

Time frame: 2019

Responsible unit: DRF

In cooperation with: DIT

H1 2019

- Activities aimed at offering new services to all account holders at NBP (to cease offering cash withdrawals based on cheques in NBP)

### 17. Introduction of technologically advanced instruments for sensitive information protection at NBP

Final result: Enhancing the effectiveness of sensitive information protection at NBP through the introduction of technologically advanced tools and systems for increasing internal users supervision as well as mitigation of the risk of external threats to the information processed in the ICT systems.

Time frame: 2019

Responsible unit: DB

In cooperation with: DIT

H1 2019

- Implementation of full scope monitoring of sensitive information

H2 2019

- Implementation of blocking functions for selected groups of sensitive information

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